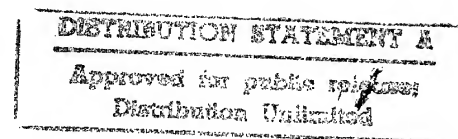


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1 April 1986

EAST EUROPE REPORT

CONTENTS

AGRICULTURE

GERMAN DEMOCRATIC REPUBLIC

- FRG Study Cites GDR Cereal Grain Production, Usage Since 1970
(Karl Hohmann; FS ANALYSEN, No 2, 1985)..... 1

ECONOMY

BULGARIA

- Trade With Bulgaria Increasing
(KHALEEL TIMES, 7 Mar 86)..... 38

GERMAN DEMOCRATIC REPUBLIC

- Office Computers To Aid Domestic Consumer Goods Industry
(Werner Hartwig; DER HANDEL, No 1, Jan 86)..... 39

POLAND

- Main Highlights of 1986 Central Annual Plan Published
(RZECZPOSPOLITA, No 64, 12 Dec 85)..... 44

YUGOSLAVIA

- Obstacles to Higher Auto Exports Analyzed
(Dusan Sekulic; NEDELJNE INFORMATIVNE NOVINE, 2 Feb 86).... 65

POLITICS

GERMAN DEMOCRATIC REPUBLIC

Local Administration of Agriculture Seen Increasing
(Rolf Steding; STAAT UND RECHT, No 2, Feb 86)..... 68

HUNGARY

REPRINT: Renyi Describes Regime Policies as Damage Limiting
(Peter Renyi; EUROPÄISCHE RUNDSCHAU, No 4, 1985)..... 78

YUGOSLAVIA

Life of Tito's Wartime Companion Highlighted
(Predrag Aleksijevic; ILUSTROVANA POLITIKA, 19 Nov,
24 Dec 85)..... 90

FRG STUDY CITES GDR CEREAL GRAIN PRODUCTION, USAGE SINCE 1970

West Berlin FS ANALYSEN in German No 2-1985 (signed to press August 1985)
pp 1-48

[Report by Karl Hohmann for the Research Institute for Inner-German
Economic and Social Issues: "Preparation and Usage of Cereal Grain
in the GDR after 1970"]

[Text] Contents:

1. Introduction
2. Structure Changes in Soil Usage
3. Cereal Grain Supply and Its Usage in the GDR
 - 3.1 Acreages and Yield Development
 - 3.2 Development and Structure of Grain Imports
 - 3.3 Demand and Supply of Food Grain
 - 3.3.1 Grain Demand for Flour and Food Products Production
 - 3.3.2 Grain Demand for Beer and Spirits Production
 - 3.3.3 Demand for Seed Grain
 - 3.4 Degree of Self-Supply of Food Grain

Production and usage of cereals in the GDR since 1970

Summary

The relationship between the area of the different plants produced on the arable land and the relationship between arable land and grassland (meadows and pasture) has changed visibly since the introduction of industrial production methods in the GDR. Since the end of the 70's this has taken the form of a partial reversal of previous tendencies. At the beginning of the 80's the SED leadership defined the raising of the yield per hectare in cereals and feed production as one of the central problems to tackle. Last not least this was due to the GDR's debt problem at the time. The GDR had to cut down its rapidly increased dependency on the capitalist world market (in particular the USA) with its attendant consumption of foreign exchange that had occurred after the Soviet Union had stopped delivering cereals.

Although the 1981-85 Five-Year Plan's intended increase in area used for cereal cultivation was certainly not achieved, the GDR's cereal production was raised by a not inconsiderable amount thanks to higher yields per hectare. The supply of food cereals (brewing barley; wheat and rye) of adequate quality is nevertheless clearly still causing problems. As a result of rising beer consumption, increasing use of cereals in the production of spirits and the again-ascending use of wheat and rye for such things as "low-cost" bread and other subsidised foodstuffs (which are in turn used as fodder by the small individual livestock holders), the demand for food cereals (including grain and deliveries made by the GDR to the Federal Republic) rose from around 2.85 million tons to around 3.14 million tons between 1970 and 1983. Even without taking the amounts delivered by the GDR to the Federal Republic into account, the GDR never reached to cover its demand for wheat, rye and indeed for all cereals from its own production during the period listed above. It therefore had to use inferior quality cereals, (cereals which did not come up to its own standards) or had to import the amounts of food cereals needed.

As a result of the increase in livestock in the GDR since the beginning of the 70's (in particular pigs and poultry), the amount of feed cereals available at the beginning of the 80's was no higher per livestock unit than in the years 1972-1974. Therefore the aimed increases in productivity of livestock were restricted right from the beginning. The statistically available very high amounts of feed cereals in the years 1980 (beginning of the US cereal embargo against the USSR) and 1983 cannot be explained by low volumes of root, vegetable and fodder crops, as was the case in 1976. This could mean that not all the statistically available cereals were consumed in the GDR alone in these years, but were instead exported.

1. Introduction

Through the industrialization of agriculture that was initiated by the 7th SED Party Congress (1967) and enforced after the 8th SED Party Congress (1971) the SED hoped to achieve not only a higher degree of profitability in agricultural production in the GDR and a better balance in working and living conditions between city and country (and also between the status of collective farmers and farm workers), but also especially higher production and productivity in this sector of the national economy. Through the utilization of scientific-technical progress (intensification, breeding, mechanization, chemicalization) the goal of a maximum degree of supplying the country with its own food supplies and agricultural raw materials was finally to have been reached. The change in the ratio between arable and cultivated land in the available agricultural acreage (LN) in combination with the intensification factor was to make it possible to attain the planned expansion of livestock and the increase in livestock production, at least without additional feed imports. After approximately 15 years of industrialized agricultural production it thus seems appropriate to investigate how and by what means the set goals were achieved.

2. Structure Changes in Soil Usage

Beginning in 1970 pasture land, which between 1960 and 1970 had still increased by approximately 100 000 ha (hectar) to 1.469 million ha (23.4 percent of the LN), was gradually changed over into arable land. Until 1980, however, pasture land again decreased by approximately 230 000 ha to 1.235 million ha (19.7 percent of the LN)--to its lowest size since the establishment of the GDR (see Table 1). In contrast, in spite of an overall decrease in the size of agricultural land in this period--the acreage used for arable land, which between 1960 and 1970 had decreased by almost 230 000 ha to 4,618 million ha (73.5 percent of the LN), grew between 1970 and 1978 to 4.776 million ha (76 percent of the LN) and this process has been reversed only since 1978. In the 70's there were also considerable changes in the ratio of arable land usage.¹ Whereas the production of market fruits on arable land was expanded between 1970 and 1976 by approximately 270 000 ha at the expense of feed crop production (see Table 2), the production of feed crops was once again expanded after 1976 by approximately 140 000 ha at the expense of market fruits production. Obviously the SED's first reaction to the discontinuation in 1975 of Soviet grain shipments to the GDR was to change the usage structure of agricultural land (increase of feed production) in order to decrease dependence on foreign imports for feed supply for the growing livestock -- a reasonable measure considering the higher hectare yields in feed production compared to the yield from pasture land. But the necessity to use energy and agricultural raw materials sparingly, brought about by the debt and energy problems in the beginning of the 80's, resulted once again in intensified utilization (and expansion) of the LN used for pasture land. The acreage under "other use" in Table 1 includes primarily the land used for fruit and vegetable production that was expanded in the 70's (inside and outside of socialist agricultural enterprises) as well as

acreage where crops were not harvested² and the unused so-called remainder and splinter acreages. The decrease by more than 40 000 ha since 1979 is in no way to be explained by a reduction of fruit and vegetable production, but rather reflects the results of efforts initiated by the SED in 1980 to guarantee complete utilization of every square meter of agricultural land with the help of Workers and Farmers Inspections (ABI).³

The amount of 40 000 ha corresponds somewhat to the acreage increases after 1979 in feed production and pasture land usage. This even suggests the conclusion that after 1979 there was no further basic change in the usage structure of LN, such as it took place, without doubt, in the second half of the 70's, and that the statistically explained changes after 1979 are solely the result of the utilization of remainder and splinter acreages that had not been utilized to this point. It must be assumed, however, that both components (change of acreages and utilization of previously unused acreages) were equally involved in this process. In regard to the utilization structure of permanent pasture land (Table 2) it is important to note that pasture land utilization was decreased between 1970 and 1979, relatively and absolutely speaking, more strongly (by 140 000 ha or 21.3 percent) than the utilization of this land as meadows (by 100 000 ha or 15.1 percent). This development is closely related to the new construction of industrial plants for livestock production and, especially, milk production which originally involved exclusively year-round stabling of animals. The reduction in fuel supplies for agriculture then led, besides the transition to a territorial organization of plant production enterprises, also to a "rediscovery" of pasturing cows and young cattle. Since then pasture land has again been expanded by more than 70 000 ha (while at the same time permanent meadow land was reduced). This means that within 5 years the ratio between meadows and pastures has almost been reversed. The goal of the current 5-year plan, to expand pasture land by at least 120 000 ha (to 660 000 ha),⁴ will be hard to reach in spite of the extensive changes between meadows and pastures that took place after 1979. The 641 300 pasture land⁵ aimed for in 1983 fell short by far with an actual amount of pasture land of 595 000 ha.

The increase in hay fields, meadows and remainder or splinter acreage (including not harvested meadows) listed in Table 2 as "other acreage", can only be explained by the fact that, due to the increase after 1976 of sheep livestock by more than 500 000 head, meadows with poor yields were turned into fields and that over the last years the utilization of splinter acreage which had been neglected or not cultivated at all was increased. In regard to the development of the production of different market fruits on arable land (Table 3) changes have taken place that are in part clear will now be briefly described in the following paragraphs.

- a. The increase in grain production, enforced in the 70's, by approximately 256 000 ha to the so far greatest extent of 2,543 million ha in 1978, was not continued in the years after 1980. The goal to increase grain acreage in the current 5-year plan by 120 000 ha must therefore be considered hardly attainable.⁶

- b. The production of oil fruits (winter raps) that was noted in the first half of the 70's was not continued after 1975. Harvest acreage here fluctuated little, around 135 000 ha, until 1983.
- c. The production of husk fruits (food and feed husk fruits), which took place at the beginning of the 70's (1971 and 1972) on more than 60 000 ha, was reduced after 1972 to approximately 50 000 ha and was slightly expanded again only after 1981.
- d. There has been a tendency to reduce the production of sugar beets which had been expanded to almost 80 000 ha between 1970 and 1977.
- e. The production of potatoes was continuously decreased during the entire observation period and fell in 1983 for the first time to below 500 000 ha (in 1970 still 667 000 ha).

3. Cereal Grain Supply and Its Usage in the GDR

3.1. Acreages and Yield Development

Because of the clear increase in grain production in the first half of the 70's, its share in acreage usage has risen from 49.5 percent (1970) to 53.5 percent (1975) and has since then stabilized on this level. Whereas the development in grain production on the whole has been relatively steady in the production of winter and summer wheat (increase and/or decrease), the development of harvest acreage for individual grain species shows, in part, noteworthy changes during the observation period.

Wheat acreage, e.g.⁷ was increased between 1970 and 1976 from barely 600 000 ha to more than 760 000 ha, but then was reduced again until 1980 to approximately 700 000 ha, and has in 1983 and 1984 risen once again to 750 000 ha. The completely opposite development took place in rye production⁸. A decrease of approximately 90 000 ha in the years 1970 (680 400 ha) to 1975 (593 000 ha) was succeeded by a continuous increase to more than 700 000 ha in 1983 and 1984. The absolutely and relatively strongest acreage increase took place in the production of winter barley which from 1970 to 1978 increased by approximately 255 000 ha (i.e. by almost 80 percent) but has since seen a moderate decrease.

The development in the production of summer barley (brewing barley) is similar to that of wheat production. A clear increase in the years 1970 to 1975 (from 320 000 ha to 487 000 ha) was succeeded by a continuous decrease of cultivated acreage toward the starting level of 1970, and this decrease was in part caused by the breakdown of mildew resistance in the standard species "Trumpf". The only exception (and this is true also for oat production) is the harvest year 1982 when, because of winter damages to winter barley (more than 150 000 ha) and to winter wheat and winter rye (almost 150 000 ha), the production of summer barley was increased to 565 000 ha, to an extent never

attained before. Almost the same goes for the 1982 production of summer wheat (62 000 ha) and summer rye (20 000 ha) and oats (218 000 ha), which, after a decrease by more than 100 000 in the years 1972 to 1979, shows once again increase tendencies in the 80's. Production of summer grain was limited, already in the first half of the 70's, to approximately one-tenth of its original amount and has since then--like the production of corn--hardly been of importance.

As Table 4 shows, there have been clear changes in grain production if one compares the averages of the years 1981 and 1983 (1982 was disregarded because of special factors already mentioned, just as 1984 was disregarded because of the totally extreme yields) with the average yields of 1970 to 1972. Winter grain acreage was increased by approximately 21 percent, the cultivated summer grain acreage was reduced by approximately 18 percent. The main reason for the increase in winter grain acreage is the expansion of winter barley production whereas the reduction of summer grain production is due primarily to the decrease in acreage with summer grain and oats.

Table 4 shows that during the observation period there was a more or less obvious increase in grain yields of all kinds due to new kinds of grain, a higher degree of fertilizer application and improved crop protection. At the head of the increase in hectare yields are wheat (plus 7.1 decaton) and winter barley (plus 5.3 dt), followed by rye (plus 2.5 dt) and summer barley (plus 1.9 dt). The yield level shows that wheat is superior to all other kinds of grain whereas rye (in conjunction with summer grain mixtures) can be found at the end of the yield scale and has only in 3 years (1974, 1982 and 1984) surpassed the amount of 30 dt/ha.

In conjunction with the development of harvest acreage and hectare yields, and also with the change in species structure, harvest yields for grain rose during the observation period by approximately 25 percent and in 1982, for the first time, surpassed the total amount of 10 million tons. This is due primarily to the doubling of the winter barley harvest. Meanwhile, winter barley has pushed rye, which in the 70's was the second largest grain species, into third place. This means that summer barley has caused barley to be the dominant grain species in the GDR with a total yield of almost 40 percent of the grain harvested in the GDR, and has thereby pushed wheat into second place, which in the beginning of the 70's was still the dominant grain species.

3.2. Development and Structure of Grain Imports

With his statement at the 3rd SED Central Committee meeting (1981) that for the GDR "the grain problem is entirely comparable in rank to the oil problem" and that the achievement of clearly higher hectare and total amounts in grain and feed production touches the vital interests of the GDR,⁹ Honecker himself pointed out that in spite of the achieved production increases the basic task of GDR agriculture

has not been accomplished. Because of the increasing per capita consumption, especially of high quality (refined) food products, the degree of domestic supply in the food sector is today--approximately 15 years after the start of "industrialization" of GDR agriculture--by no means higher than in the 60's. The self-sufficiency in the food sector, planned since the founding of the GDR, has thus proven to be unattainable to this date. Even though the GDR has with approximately 0.37 ha of LN per inhabitant almost twice as much acreage available as the FRG, its total degree of domestic self-sufficiency is only slightly higher.

Because of the increase in livestock that occurred after 1974 parallel to a generally stagnating level of total crop production, import dependence of livestock production has even increased rather than decreased. Thus, between 1976 and 1980, an annual average of approximately 500 000 tons more grain was imported than the average of the previous 5-year plan period. Even if 1976 is disregarded because of special climate conditions, the average annual increase still amounts to approximately 250 000 tons.

Among the important kinds of grain (without rice) there has been in the 70's a clear changeover to corn import (see Table 5). Wheat, which from 1970 to 1973 was with an average of 1.9 million tons per year still the dominant kind of grain (approximately 60 percent of all grain imports), has more and more lost in importance (1978-1981: 690 000 tons annually or 20 percent of grain imports). Parallel to this, the amount of imported corn rose from 790 000 tons per year (1970 to 1973) to 1.85 million tons per year (1978 to 1981), or the share of corn in grain imports from 24 percent to 52 percent. There are very great fluctuations in the import amounts of barley (brewing and feed barley) and also for other kinds of grain (rye, oats, sorghum and such) that are not given in GDR statistics and are of importance only in certain specific years.

These developments were also influenced, at least in part, by the GDR's grain import opportunities. Changes among the supplier countries also caused additional grain problems for the GDR in the 70's. Thus, the GDR could after 1975 (see Table 6), with the exception of 1977 and 1979, import hardly any significant amounts of grain from the USSR which had still covered, in the years 1970 to 1975, approximately 40 percent of GDR grain imports.¹⁰ This is obviously (besides the expansion of wheat production in the GDR) the reason for the strong reduction of total wheat imports. After all, in the years 1970 to 1975 70 percent of GDR wheat imports came from the USSR and constituted at that time approximately 90 percent of USSR grain exports.

Instead, the GDR was forced after 1975 (Table 6) to cover its growing grain import needs almost exclusively from the world market against hard currency. The world market price for corn, lower than the world market price for wheat, and the possibility to import corn from the USA, whose share in the total grain imports of the GDR from the world

market rose from 35 percent (before 1975) to about 60 percent (1976-1981), are probably responsible for the effected change between corn and wheat. The reorientation in grain imports, enforced by the discontinuation of the USSR as grain supplier, has contributed decisively to the increase and the high level, attained in 1981, of GDR indebtedness to the West, and also especially to the trade deficit of about \$ 2.5 billion accumulated toward the USA up to 1981.¹¹ The grain imported by the GDR from the USA in the years 1970 to 1981 amounts, after all, to approximately \$ 2.2 billion.¹² In addition, there is approximately \$ 0.6 billion for imports of oil cakes and oil beads from the USA.¹³ Assuming that the GDR had paid for all grain imports from the world marked the same prices as for its imports from the USA, the amount of \$ 3.8 billion for the total grain imports in the years 1970 to 1981 corresponds to the 35 percent of GDR hard currency indebtedness, accumulated in 1981, toward Western banks and suppliers (without the accumulated passive balances in the IDH). If the protein fodders imported during this period are included, indebtedness amounts to about \$ 5.6 billion or 50 percent of the hard currency indebtedness.

From this point of view it is only too understandable that the increase in the degree of grain self-sufficiency, i.e. the reduction of feed grain imports, was also given absolute priority by the SED in the current 5-year plan. The solution of this problem was even defined as "of strategic importance" in the 5-year plan 1981-1985.¹⁴ The original goal (reduction of grain imports until 1985 by 1 million tons compared to 1980)¹⁵ was apparently even further raised after the GDR was granted hardly any more credit in the wake of Polish and Romanian payment difficulties. As Helmut Semmelmann, assistant director of the agricultural department of the SED Central Committee, explained in the beginning of 1982, the problem for GDR agriculture now is "to move away step by step from grain and feed imports, and that more quickly than had been originally planned."¹⁶ Therefore, in 1982 already, "grain imports are to be reduced by at least 1 million tons and until 1985 by more than 2 million tons."¹⁷

As Table 5 shows, grain imports were decreased in 1982, because of a very good domestic harvest (for the first time 10 million tons of grain) and an extremely restrictive import policy, by almost 2 million tons compared with the 1980 level. The more incomprehensible it is at first that in 1983--even though the grain harvest amounted again to more than 10 million tons--grain imports rose by almost 1.3 million tons and, with almost 3.8 million tons, were the third highest import amounts ever since the existence of the GDR. The production deficiencies in 1983 for hoed crops (potatoes, sugar beets) that are important for GDR pork production can at best explain half of this increase. The use of at least 0.6 to 0.7 million tons of imported grain cannot be clearly explained. It seems possible that these imports were used to replenish grain reserves that were perhaps reduced in 1982, and also that they were shipped "in transit" to other RGW countries (USSR, Poland).

It is possible that the large share of wheat in imports can be seen as a sign that this grain was shipped to the USSR (about half of Soviet grain imports consist of grain), but the main cause for the change in grain species can probably be seen mainly in the change that took place in principle supply countries that began again in 1983. Thus, Canada, which in 1982/1983 had sent approximately 310 000 tons of wheat and 600 000 tons of barley to the GDR,¹⁸ became the most important supplier for the GDR after the conclusion of a 3-year supply agreement, and took over first place from the USA which had held this position uncontestedly between 1975 and 1982. In the beginning of 1984, a supply agreement was also concluded with Austria which provides for an annual import of 350 000 tons of grain for the years 1984-1986.¹⁹ In the years 1982/83 the GDR had already imported from Austria approximately 285 000 tons of grain (mostly milling wheat).²⁰

None of the two countries, however, is in a position to export a significant amount of corn. In spite of higher world market prices for wheat, credit conditions of these two countries to the GDR were evidently so favorable that for the GDR the assured import of more expensive Canadian and Austrian wheat and barley was still more advantageous than the import of U.S. corn. From this point of view the amendment of the apparently decisive factor of credit conditions (payment goals!) should be added to the explanation of the director of the Institute for Grain Trade²¹ that the GDR imports its grain "under full utilization of given price advantages, and that means that for several years now it has been possible to buy 4 tons of yellow corn for the price of 3 tons of soft wheat."²²

It is well known that the GDR, in order to save hard currency, bought approximately 230 000 tons of grain for each of the years 1982 and 1983 in inner-German trade--in spite of the considerably higher EC grain price levels. Last not least, a decisive reason for diversifying grain imports at the expense of imports from the USA may have been the GDR's effort to keep its annual trade balance deficits with the USA within limits. The exchange of these two grain species within the context of GDR imports can hardly be explained with the development of world market prices for wheat and corn (regardless of the fact that the USA is the world's largest wheat exporter).

As Table 7 shows, the total available amount of grain for the GDR (including imports) grew between 1970 and 1974 from approximately 10 million tons to approximately 12.5 million tons and has since then fluctuated more or less strongly around this amount, whereby only the years 1980 and 1983 stepped clearly out of context with almost 14 million tons,²³ and not considering the 13.2 million tons of grain for which the "bad harvest" of the drought of 1976 could be considered exclusively responsible. As far as the available amount of individual grain species is concerned (including the amount made available through imports), barley (both summer and winter barley) has taken over first place from wheat after 1976.

Except for several exceptional years (1970: 34.7 percent; 1976: 37.9 percent; 1982: 19.9 percent) approximately 25 percent of the grain available in the GDR for processing and feeding and also for export to other countries (including shipments in the IDH) comes from imports. Whereas (insignificant) rye imports occurred only in specific years and, as a rule, not because of poor domestic harvest yields, wheat import is still of importance for the GDR today. This is connected, as is also in the FRG, with the import of hard wheat for the production of dough products and ground wheat, but also with the import of wheat mixes for the production of baked goods and breads. After the total share of imports, which in 1970 had amounted to almost 50 percent, had decreased by 1980 to about 13 percent, wheat imports have since then shown tendencies to increase. In regard to the composition of wheat imports (food wheat and feed wheat), evaluations must start with the fact that after 1975 at the latest feed wheat was dominant over food wheat (milling and baking wheat). The GDR which at the beginning of the 70's did not have its own brand of quality food wheat had at that time expanded domestic production of food wheat by the enforced cultivation of Soviet baking wheat species (mironovskaja, iljitschovaka) and by growing its own brand "alcedo" which was licensed in 1974. It is alleged that since 1977 food wheat species are grown on more than 80 percent, and since 1980 even on more than 90 percent, of the GDR wheat acreage.²⁴ In the last 5 years wheat assortments have been expanded by the GDR brands "compal", "arkos", "taras" and "rinaldo", the CSSR brand "regina" and the joint GDR/USSR brand "miras".²⁵

For the strongly fluctuating import amounts in barley (brewing and feed barley) import shares of more than 20 percent are shown in only four of the 15 observation years. With the exception of 1979, here too no direct relationship to domestic production can be found.

The import shares in the supply of other (feed) grain species, which rose from approximately 31 percent (1970) to, at times, more than 70 percent (1976 and 1979-1981), are a result of production restrictions for oats and summer grain and also especially of the high share of corn in grain imports between 1975 and 1982. As the year 1983 shows, however, these other feed grain species are at any time exchangeable for other grain species (feed barley or feed wheat).

3.3 Demand and Supply of Food Grain

In the GDR all grain is called food grain "that according to its usage is processed into end products that serve human nutrition,"²⁶ i.e. grain on which by processing businesses (mills, baked goods industry, brewing industry, spirits industry and others) certain minimum demands are made because of processing technology requirements. These demands are established as GDR standards in TGL (technical norms, goods directives and supply conditions).²⁷ In addition choosing the right species and observing optimal seeding times as well as processing and fertilizing methods, H. Jacobi, director of the Institute for Grain Production (since 1985 "VEB Scientific-Technical-Economic Center of

the Grain Processing Industry") considers it necessary to point out that for harvesting, drying and storing the amounts planned for food grain consistent measures are necessary in order to increase the supply of food grain from domestic production and to improve its quality.²⁸ This involves, among other things, the pre-inspection (2 to 4 weeks before harvesting) of the acreage planned for food grain production, the selection of the optimal ripening stage for threshing (which should "take place if possible at humidity levels below 20 percent") and also the recording, according to species, appropriate drying ("food grain does not belong into a clothes dryer!") and storing of the harvested food grain in solid storage rooms.²⁹

For flour production alone approximately 1.3 tons milling wheat and 620 000 tons milling rye are said to be prepared annually (1980 status). In addition "a significant part of the grain is said to be necessary for the production of beer and spirits," and for this purpose are needed "approximately 3 million tons of wheat, rye, barley and oats for the all-round supply with food grain of all users."³⁰ Because usage of flour and food supplies has risen continuously since 1978, and because it is assumed that this increase must have been caused less by increasing usage of grain products for human nutrition than by feeding bread, baked goods and oat meal to individual livestock that have again increased since 1977 (see: Karl Hohmann: "Development and Importance of Private Agricultural Products in the GDR," FS-Analyses, vol 3/1984), the 1984 demand for food grain will amount to a total of 3,115 million tons (1.4 million tons food wheat, 900 000 tons food rye, 700 000 tons brewing barley, 40 000 food barley and 75 000 food oats). Of this amount approximately 2.8 million tons are to be considered as the "amount of minimum supply for the food industry."³¹ It is not clear what the term "amount of minimum supply" means. It probably means the demands for domestic supply, i.e. without exports and GDR shipments of grain and grain products within the IDH. In 1984 (see table 8) in fact GDR grain shipments in the IDH corresponded, with approximately 313 000 tons, to the difference between "amount of minimum supply" and total demand. (The shipments of grain products within the IDH are, just as GDR exports of grain and grain products, so insignificant that they shall remain unmentioned.³²

3.3.1 Grain Demand for Flour and Food Products Production

As Table 9 shows, the consumption of rye flour in the GDR decreased in the 70's by approximately 160 000 tons (about 24 percent), while the consumption of wheat flour rose, and reached its lowest level in the years 1978 to 1981 with approximately 530 000 tons. Since 1982, however, the consumption of rye flour shows again a clear increase--a direct result of the SED decision to mix rye flour with wheat flour in order to decrease baking and milling wheat demands of the baking goods industry.³³ The same goal--reducing milling wheat demands--has the planned increase of wheat milling results from 75 percent, at the end of the 70's and beginning of the 80's, to approximately 80 percent in 1985.³⁴

The total consumption of flour and food supplies in the GDR has increased strongly (i.e. by approximately 80 000 tons) after a decrease by 5 percent (approximately 80 000 tons) in the years 1970 to 1978. The probably most important reason for this (usage of bread and other foods for livestock feed) has already been mentioned above.

Table 9 also shows that the industrial production of flour and food supplied (including rice) amounts to only between 88.2 percent (1970) and 93.0 percent (1981) of domestic consumption. Provided that these data of the GDR STATISTICAL YEARBOOK are correct, at least 7 percent of the flour and food supplies consumed in the country is either imported in addition to the already mentioned, insignificant, shipments within IDH (no data are however available on this) or they were produced in the GDR outside the "industrial" sector. The development--especially the abrupt decrease in 1973/74--indicates that these amounts are produced outside the "industrial" processing, i.e. they comprise the production share of mills still in private ownership. However, this share would have to be expanded, if need be, by the amounts of flour and food supplies exported or shipped from the GDR within IDH.

How little reliable, however, the predictions of this kind based on available GDR statistics can be, is shown not only by the fact that in 1975, according to data published in the GDR trade journal FOOD INDUSTRY, the GDR population consumed 108 000 tons of food,³⁵ whereas the data given in the STATISTICAL YEARBOOK can account for at best 93 000 tons for this year. In this connection there is a development that appears almost grotesque in regard to the supply of rice, which must be imported exclusively and is said to be used not only as food item but also, with sugar and raw barley, for beer production.³⁶ As table 10 shows, the GDR imported, primarily from Egypt and China, from 1976 to 1980 annually approximately 12 000 tons more of primarily unprocessed rice than the population consumed. If processing losses (husking, polishing) are deducted³⁷ between 4 400 and 5 000 tons could have been annually for beer production. The "miraculous increase" of imported rice that happened after 1981--at least 4 000 tons (1982) or 9 000 tons (1982) [as published] less rice was imported than was consumed by the population as processed rice--can be explained neither by the depletion of storage supplies that might have been available nor by the "notorious" substitutions with domestic raw materials, as is done in part for "sucalle" (substitution with candied green tomatoes)³⁸ and for pepper for domestic consumption (substitution with a mixture of dried and ground basilicum, coriander and estragon).³⁹

In spite of statistican questionmarks of this kind, an attempt will be made subsequently to work out a balance between production and demand of food grain in the GDR, which will permit making statements about the degree of domestic supply with food grain.

As Table 11 shows, the demand for milled rye that at the beginning of the 70's amounted to more than 800 000 tons per year decreased to approximately 630 000 tons per year from 1978 to 1981. Because there were no representative milling results for rye milling, calculations were based on 84.5 percent milling results (equal to the norm for industrial mills during the production of rye, flour, grade I).⁴⁰ The calculation factor of .875 given by Jacobi (equal to 85.7 percent milling results) seems unrealistic.⁴¹

For determining milling wheat demands, milling results of 75 percent (norm for industrial mills: category I: 72 percent, category 2: 77 percent)⁴² even though other amounts are known from individual mills.⁴³ The calculations of grain demands for food supply production started with the assumption that in each case 40 percent are produced on the basis of oats and rice, and 20 percent on the basis of barley. "Usage rates" were assumed to be 70 percent (oat flakes), 80 percent (processed rice) and 50 percent (cooking barley processing).⁴⁴

3.2.2 Grain Demand for Beer and Spirits Production

For calculating the demand for brewing barley it was assumed that for the GDR average from 1 ton of brewing barley about 780 kg brewing malt can be produced from which in turn 50 hl (hectoliter) of beer can be brewed.⁴⁵ This amount seems reasonable in view of the requirement of 833 kg malt for 50 hl beer⁴⁶ submitted by a small village brewery attached to the VdgB in Helling, Suhle Bezirk, (in the "Heldburger Unterland" and in the "Grabfeld" 27 communities still have brewing rights today).

In the 70's the GDR shipped annually within IDH 5 000 tons more to the FRG than the GDR itself imported from the CSSR, and the GDR was thus a "net exporter" of brewing malt. After imports from the CSSR decreased to 2 900 tons in 1981 (they amounted to 15 200 tons in 1970 and were constant at 5 000 tons annually between 1971 and 1980),⁴⁷ no data are available for subsequent years. Therefore a "net export" of 8 000 tons per year was assumed after 1981.

On the basis of the increase of domestic beer production during the observation period from 16.6 million hl in 1970 to 25.3 million hl in 1984 (without counting the production in the above mentioned "village breweries"), the calculated demand for brewing barley has grown by almost 200 000 tons to over 500 000 tons in the years 1983/84. This has had the result that the total "demand" of grain for food and brewing purposes (without rice and without the grain used for spirits production) has grown almost continuously and has meanwhile reached almost 2.6 million tons. In this process the proportion of brewing barley grew from almost 14 percent to approximately 20 percent (1984).

There are considerable problems especially for brewing barley in regard to observing the required quality parameter. Special problems have occurred with respect to the high whole grain proportion and low protein content. As a result of the increased use of mineral nitrogen

in GDR agriculture, which increased by the end of the 70's to approximately 120 kg N/ha LN, while at the same time the use of organic nitrogen fertilizer also increased (because of a growth in livestock), the protein content of brewing barley bought by agricultural enterprises rose incessantly. Whereas the protein content in the years 1970 to 1972 was still approximately 11.3 percent at annual average and the whole grain proportion (2.5 mm sieve) 85 percent,⁴⁸ the amounts for the annual averages of 1977-1979: 11 percent raw protein and only a 75 percent whole grain proportion.⁴⁹ In order to guarantee an at least quantitatively sufficient supply of brewing barley, special regulations had to be passed again and again so that summer barley with, in part, more than 12.5 percent raw protein and whole grain proportions of less than 70 percent could be "redefined" as brewing barley.⁵⁰ Twelve percent of the "brewing barley-raw material" bought up in the years 1981-1984 showed protein contents of approximately 36 percent and 15 percent of it had a whole grain proportion of below 69 percent.⁵¹

As has already been mentioned, a "significant part of grain" in the GDR is used for the production of spirits in order to meet, as much as possible from domestic supplies, the growing per capita consumption of spirits that has risen from 6.6 liter to 14.4 liter between 1970 and 1983. However, the GDR does not publish data on the extent of grain used by the spirits industry and the distilleries. It seems certain nevertheless that grain provides meanwhile the "chief raw material for the production of fermentation alcohol" and that the "production of raw spirits and spirit rectifier from grain" has steadily increased in the 70's.⁵²

Other raw materials of some significance are potatoes--besides molasses and conifer sulfite black liquors. In the middle of the 70's there were in the GDR five distilleries (Wittenberg, Dessau, Berlin, Nordhausen, Wilthe) that produced their own raw spirits and also processed raw spirits from industrial and agricultural distilleries into "primasprit."⁵³

Because of the lack of available data on the usage of raw materials (especially the usage of grain) for spirits production in the GDR, the following basic assumptions are made for calculating the amounts of grain required:

- a. According to PRESSEINFORMATIONEN there were in the beginning of the 80's in the GDR approximately 550 000 t of grain waste products left over from spirits production.⁵⁴
- b. For each hl ethanol waste products of approximately 14 hl can be calculated (at a dry substance content of 7-10 percent).⁵⁵
- c. The alcohol content of spirits consumed in the GDR, which is to be calculated according to data on per capita consumption, is assumed to be also the alcohol content of spirits produced in the GDR in each respective year.

- d. Data provided until 1976 are seen as "preparatory production" and are not considered in order to avoid possible double calculation.
- e. The proportion of spirits produced from other raw materials (wine distillate, molasses, potatoes and such) is assumed to have decreased from 70 percent (1970) to 50 percent (1980) and has since remained constant.
- f. The ratio between rye and wheat (including corn) used is considered to be constant (60:40) during the total observation period.
- g. The average production is assumed to be 36 liter ethanol per decaton of grain (3.6 hl/t grain).

A calculation made on this basis of the grain demands of the spirits industry (without the not to be excluded usage of grain for the production of alcohol for technical and pharmaceutical purposes) leads to the conclusion that grain usage in distilleries (Table 12) has since the end of the 70's reached significant quantities with more than 100 000 tons. These amounts seem to be applicable also for this period. The 550 000 tons of grain waste products (for 14 hl waste products per hl alcohol production and for a specific waste product weight of 1.0) correspond to an alcohol production of approximately 400 000 hl, i.e. an amount that is equal to the amounts calculated for the years after 1980.

3.3.3 Demand for Seed Grain

Besides the grain amounts (consumer grain) to be supplied for industrial processing, seed grain--at least the extent of government seed grain funds--is also a part of government grain supplies,⁵⁶ i.e. the amounts exported or shipped within IDH by the GDR are not part of government supplies--but are part of government purchase of agricultural products). Based on regulations of seed grain supply in Dresden Bezirk,⁵⁷ the assumption is made that all of the seed grain planned for combine harvesting is supplied through the VVB Seed and Plant Supplies because the usage of (the crop production enterprise's) own seeds "should not surpass seed grain demands for feed production."⁵⁸

In calculating seed grain demands the following seeding norms were used for specific grain species: rye: 150 kg/ha, winter barley and oats (including summer grain): 160 kg/ha, summer barley: 180 kg/ha and wheat: 200 kg/ha. From the development of planted acreages the following can then be concluded to be the seed grain demand for individual grain species (in round numbers):

rye: 1970-1974: 100 000 t
 1975-1977: 90 000 t
 1978-1982: 100 000 t
 1983-1984: 105 000 t

wheat: 1970, 1971: 120 000 t
 1972, 1973: 130 000 t
 1975, 1978: 140 000 t
 1974, 1976, 1977: 140 000 t
 1983, 1984: 150 000 t

winter barley: 1970-1973: 50 000 t
 1974, 1975: 70 000 t
 1976-1984: 90,000 t

summer barley: 1970-1972
 1983, 1984: 60 000 t
 1973, 1974: 65 000 t
 1975-1978: 85 000 t
 1979-1981: 70 000 t
 1982: 100 000 t (winter damages for winter grain)

oats (including
 summer mix grain): 1970-1973: 55 000 t
 1974, 1975: 50 000 t
 1976: 35 000 t
 1977-1981
 1983, 1984: 30 000 t
 1982: 45 000 t (winter damages for winter grain)

If the GDR wanted to cover its total grain demand for food purposes and the beverage industry and seed grain from its own production, the minimum amounts given in Table 13 would have had to be prepared as state supplies. As Table 13 shows, the calculated "minimum demand" has risen from approximately 2.85 million tons in 1970 to approximately 3.15 tons in the years 1983/1984, and this increase was caused primarily by the increasing demand by approximately 200 000 tons for summer or brewing barley, whereas the demand for bread grain species has remained nearly unchanged. The proportion of wheat in the required state supplies for consumer grain and seed grain amounts to just under 50 percent for the total observation period, whereas the proportion of rye has decreased in the years 1977-1982 from approximately 33 percent (1970/71) to approximately 26 percent. During the same period the proportion of brewing barley rose from approximately 15 percent to approximately 20 percent without however even closely approaching the amount of 700 000 tons mentioned by GDR Agriculture Minister Lietz.⁵⁹ The amounts calculated for wheat and rye (including seed grain), on the other hand, correspond almost exactly with his data (1.4 million tons wheat and 905 000 tons rye.⁶⁰

3.4 Degree of Self-Supply of Food Grain

A comparison with the government production of rye, wheat and total grain (Table 14) achieved in the years 1970-1983 as a matter of record shows that the GDR was not able to cover its demand for food grain

(including seed grain) in any year of the observation period (for neither wheat nor rye). The given appearance of self-supply for rye as well as grain on the whole in the second half of the 70's can be explained by the fact that until 1979 (not more exactly qualifiable) amounts of grain were also included in government grain production and that these not qualifiable amounts were bought up as feed grain. The amounts were supposed to guarantee feed supply for the industrial livestock production plants that were newly built in 1970 and received the major portion of imported grain. With this fact in view, only the results of the years 1980-1984 are an appropriate self-supply norm for food grain and seed grain.

In spite of three record harvests in succession (1982, 1983, 1984) it is evident that the amount of self-supply for wheat in the GDR lies between 70 and 80 percent, that for rye--even though the GDR is one of the four largest rye producers in the world--it reaches a maximum of 85 percent, that for grain on the whole (specific data for brewing barley are not available) this amount comes to approximately 90 percent. Even in comparison with the amounts of Table 11, i.e. in comparison with the demand for milling and bread grain (without the grain consumption for spirits production and without seed grain), an "under-supply" for wheat at an average of approximately 180 000 tons shows up for the years 1980-1984. For bread rye, too, a full self-supply can be considered only if neither seed grain nor distillery grain is seen as part of state supplies even though both are so described in the GDR STATISTICAL YEARBOOK.⁶¹

More likely is the assumption that the data of the STATISTICAL YEARBOOK apply only to purchased amounts that corresponded to required quality parameters, i.e. that (see Table 14) e.g. between 15 and 20 percent of the rye purchased as food rye should have been used, because of its quality, only as feed rye.

In addition to GDR grain shipments within IDH, grain amounts used outside the livestock production increased from approximately 3.25 million tons (1970-1972) to more than 3.50 million tons for the averages of years 1982-1984, but their share in the total grain amount available (including imports and IDH shipments) decreased at the same time from approximately 30 percent (1970/72) to approximately 27 percent (1982/84), and that means that the share of feed grain in the total amount of available grain has increased.

It is noteworthy that (given great variations between specific years) in the beginning of the 80's there were hardly more concentrates per livestock unit available than in the years of the 5-year plan 1971-75. The only exceptions are the years 1980 (year of the U.S. grain embargo toward the USSR) and 1983 when, according to pure calculation, more than 17 dt/feed grain were available per livestock unit (GV). Whereas it was necessary in 1976, because of catastrophically bad yields in hoed fruit and feed production, to use larger amounts of grain (from imports) for feed so that livestock supplies would not be reduced too

much, these measures were not necessary to a comparable extent in 1980 or 1983, as Table 15 shows. In both years approximately 6 dt GE more raw feed substances were available per livestock unit than in 1976. For this reason too the high amount of GDR grain imports in these 2 years is impossible to explain. It is merely a matter of speculation what the GDR actually did with the grain imported in these years that was obviously beyond its own needs--amounts range between 0.5 and 10 million tons. It cannot be ruled out that these amounts were re-exported into other RCW countries.

Table 1

Usage Structure of LN and Arable Land in the GDR 1970-1984

Year	of this:										Other Usage 1000 ha % of AF
	Green Land 1000 ha % of LN	Arable Land (AF) 1000 ha % of LN	Market Fruits 1000 ha % of AF	Feed Crops ² 1000 ha % of AF							
1970	1 469	23,4	4 618	73,5	3 315	71,8	1 081	23,4	222	4,8	
1971	1 463	23,3	4 622	73,5	3 375	73,0	1 030	22,3	217	4,7	
1972	1 448	23,0	4 639	73,7	3 389	73,1	1 040	22,4	210	4,5	
1973	1 429	22,7	4 634	73,7	3 441	74,3	978	21,1	215	4,6	
1974	1 400	22,3	4 663	74,1	3 493	74,9	928	19,9	242	5,2	
1975	1 359	21,6	4 699	74,6	3 542	75,4	898	19,1	259	5,5	
1976	1 295	20,6	4 752	75,5	3 593	75,6	883	18,6	276	5,8	
1977	1 262	20,1	4 771	75,8	3 564	74,7	955	20,0	252	5,3	
1978	1 243	19,8	4 776	76,0	3 569	74,7	926	19,4	281	5,9	
1979	1 239	19,7	4 767	75,9	3 466	72,7	1 004	21,1	297	6,2	
1980	1 235	19,7	4 760	75,9	3 472	72,9	1 002	21,1	286	6,0	
1981	1 249	19,9	4 741	75,7	3 436	72,5	1 022	21,6	283	5,9	
1982	1 257	20,1	4 731	75,6	3 460	73,1	1 014	21,4	257	5,5	
1983	1 250	20,0	4 734	75,7	3 449	72,9	1 021	21,6	264	5,5	
1984	1 249	20,0	4 729	75,8	3 452	73,0	1 022	21,6	255	5,4	

1. Harvest acreages of grain, potatoes, sugar beets, oil fruits and husk fruits -
2. Harvest acreages of green and liso corn, field feed and feed hoed fruits
3. Harvest acreages in fruit and vegetable production (including tobacco, medicinal plants, herbs) and also not harvested or not utilized agricultural acreage

Source: GDR STATISTICAL YEARBOOK 1984 and previous years as well as GDR STATISTICAL
HANDBOOK 1985

Table 2

Usage Structure of Green Land in the GDR 1970-1984

Year	Green Land		of this:		Pastures		Other Acreages ¹	
	1000 ha	1970:100	1000 ha	%	1000 ha	%	1000 ha	%
1970	1 469	100,0	722	49,1	663	45,1	84	5,8
1971	1 463	99,6	722	49,4	663	45,3	78	5,3
1972	1 448	98,6	710	49,0	668	46,1	70	4,9
1973	1 429	97,3	708	49,5	655	45,8	66	4,7
1974	1 400	95,3	689	49,2	633	45,2	78	5,6
1975	1 359	92,5	681	50,9	601	44,2	77	5,7
1976	1 295	88,2	635	49,0	565	43,6	95	7,4
1977	1 262	85,9	629	49,8	540	42,8	93	7,4
1978	1 243	84,6	616	49,6	523	42,1	104	8,3
1979	1 239	84,3	613	49,5	522	42,1	104	8,4
1980	1 235	84,1	597	48,3	526	42,6	112	9,1
1981	1 249	85,0	587	47,0	548	43,9	114	9,1
1982	1 257	85,6	572	45,5	577	45,9	108	8,6
1983	1 250	85,1	554	44,3	595	47,6	101	8,1
1984	1 249	85,0						

1. Hay Spreading Fields, Fields and Not Harvested Green Land

Source: GDR STATISTICAL YEARBOOK 1984 and previous years as well as
STATISTICAL HANDBOOK OF THE GDR 1985

Table 3

Production of Market Fruits on Arable Land in the GDR 1970-1984

Year	Grain ¹		Oil Fruits ²		Husk Fruits ³		Sugar Beets		Potatoes	
	1000 ha	1970=100	1000 ha	1970=100	1000 ha	1970=100	1000 ha	1970=100	1000 ha	1970=100
1970	2 287	100,0	116	100,0	53	100,0	192	100,0	667	100,0
1971	2 322	101,5	122	105,2	62	117,0	211	109,9	658	98,7
1972	2 330	101,9	129	111,2	61	115,1	222	115,6	647	97,0
1973	2 377	103,9	133	114,7	52	98,1	229	119,3	650	97,5
1974	2 444	106,9	132	113,8	48	90,6	234	121,9	635	95,2
1975	2 513	109,9	140	120,7	49	92,5	266	138,5	574	86,1
1976	2 541	111,1	137	118,1	49	92,5	267	139,1	599	89,8
1977	2 520	110,2	134	115,5	54	101,9	269	140,1	587	88,0
1978	2 543	111,2	135	116,4	51	96,2	261	135,9	579	86,8
1979	2 490	108,9	124	106,9	49	92,5	254	132,3	549	82,3
1980	2 526	110,5	134	115,5	49	92,5	250	130,2	513	76,9
1981	2 485	108,7	135	116,4	50	94,3	261	135,9	505	75,7
1982	2 515	110,0	131	112,9	53	100,0	257	133,9	504	75,6
1983	2 538	111,1	137	118,1	53	100,0	238	124,0	483	72,4
1984	2 518	110,1	149	128,4	56	105,7	240	125,0	488	73,3

1. including corn

2. Raps, mustard, poppies and fiber plants

3. Food and Feed Husk Fruits

Source: GDR STATISTICAL YEARBOOK 1984 and previous years as well as STATISTICAL HANDBOOK of the
GDR 1985

Table 4

Harvest acreages, hectare yields, harvest net yields in GDR grain production comparing the averages of the years 1981 and 1983 with those of the years 1970-1972

Code	Harvest Acreages (1000 ha)				Hectar Yields (dt/ha)				Harvest Net Yields (1000 t)			
	Changes				Changes				Changes			
	Ø	1970-72	1981/83	± %	Ø	1970-72	1981/83	± %	Ø	1970-72	1981/83	± %
Winter grain 1	1	577,8	1 912,0	+ 21,2		32,9	38,6	+ 17,3	5	191,2	7 397,0	+ 42,5
Summer grain		734,8	599,3	- 18,4		32,5	34,6	+ 6,5	2	386,3	2 068,1	- 13,3
Total grain	2	312,6	2 511,3	+ 8,6		32,7	37,7	+ 15,3	7	577,5	9 465,1	+ 24,9
of which; ²												
Wheat		640,4	714,5	+ 11,6		38,2	45,3	+ 18,6	2	455,2	3 245,9	+ 32,2
Rye 3		664,8	684,7	+ 3,0		25,9	28,4	+ 9,7	1	713,7	1 945,0	+ 13,5
Barley		637,8	926,9	+ 45,3		35,6	39,8	+ 11,8	2	268,2	3 679,1	+ 62,2
of which												
Winter barley		319,0	562,7	+ 76,4		36,7	42,0	+ 14,4	1	167,2	2 361,8	+102,3
Summer barley		318,8	364,2	+ 14,3		34,5	36,4	+ 5,5	1	101,0	1 317,4	+ 19,7
Oats		228,8	167,6	- 26,7		32,6	32,7	+ 0,3		565,9	547,8	- 3,2
Summer mix grain		134,9	17,2	- 87,2		28,0	26,5	- 5,4		372,1	45,5	- 87,8
Corn		5,8	0,4	- 93,1		28,1	31,5	+ 12,1		16,8	1,8	- 89,3

1. including summer mix grain and corn
2. winter and summer wheat
3. winter and summer rye

SOURCE: GDR STATISTICAL YEARBOOK 1984 and previous years

Table 5

Development of grain imports of the GDR 1970-1984
including GDR purchases in inner-German Trade (IDM)

Year	Grain ¹ total (1000 t)	of which: (1000 t)			
		<u>Wheat</u>	<u>Barley</u>	<u>Corn</u>	<u>Rye</u>
1970	3 424	2 084	799	376	132
1971	3 066	1 867	187	656	36
1972	3 845	2 040	675	1 031	-
1973	2 990	1 594	298	1 086	1
1974	2 770	1 219	104	1 328	-
1975	3 396	1 130	390	1 795	37
1976	5 066	1 691	795	2 346	-
1977	2 731	1 100	581	940	-
1978	3 029	687	806	1 229	148
1979	3 716	811	1 161	1 201	-
1980	4 310	476	564	3 161	-
1981	3 259	794	582	1 823	-
1982	2 495	731	356	1 349	-
1983	3 784	1 543	1 274	663	198

1. without rice

Sources: RGW STATISTICAL YEARBOOKS, Moscow, 1975 p 356;
1980 p 366; 1984 p 328

Table 6

Development of Grain Imports of the GDR according to Sources

1970 - 1983								
Year	Total grain imports ¹ 1000 t	of which: from USSR		from which wheat	from world market		from which: from USA	
		1000 t	% ²	1000 t	1000 t	% ³	1000 t	% ⁴
1970	3 424	1 596	46,6	1 449	1 828	53,4	234	12,8
1971	3 066	1 913	62,4	1 858	1 153	37,6	403	35,0
1972	3 845	1 067	27,8	1 048	2 778	72,2	702	25,3
1973	2 990	978	32,7	879	2 012	67,3	1 160	57,7
1974	2 770	1 425	51,4	1 079	1 345	48,6	1 175	87,4
1975	3 396	720	21,2	577	2 676	78,8	1 961	73,3
1976	5 066	187	3,7	-	4 879	96,3	2 877	59,0
1977	2 731	780 ²⁾	28,6	460 ²⁾	1 951	71,4	1 332	68,3
1978	3 029	-	-	-	3 029	100,0	1 145	37,8
1979	3 716	450 ²⁾	22,1	450 ²⁾	3 266	87,9	1 898	58,1
1980	4 310	-	-	-	4 310	100,0	3 120	72,4
1981	3 259	17 ²⁾	0,5	17 ²⁾	3 242	99,5	1 796	55,4
1982	2 495	-	-	-	2 495	100,0	1 504	60,3
1983	3 784	-	-	-	3 784	100,0	891	23,5

1. without rice--2. Since 1977 GDR grain imports from the USSR are accounted for by the USSR only according to value. The amounts were calculated on the basis of the following prices:

1977 116 tr. Rbl/t wheat and 98 tr. Rbl/t barley
 1979 125 tr. Rbl/t wheat
 1981 128 tr. Rbl/t wheat

3. in percent of total grain imports
 4. in percent of imports from world market

Sources: USSR STATISTICAL FOREIGN TRADE YEARBOOK, Moscow, 1984 and previous years--RGW STATISTICAL YEARBOOK, Moscow 1984 and previous years--United States Department of Agriculture (USDA): EASTERN EUROPEAN AGRICULTURAL SITUATION, 1984 and previous years.

Table 7

Total Available Grain and Import Proportions according to Grain species in the GDR 1970 - 1983

Year	Total Avail- able Grain (1000 t)	of which:				Import Proportions (percent)			
		Wheat (1000 t)	Rye (1000 t)	Barley ¹ (1000 t)	Others ² (1000 t)	of which:			
						Total Grain	Wheat	Barley	Rye ¹ Others ²
1970	9 880,5	4 216,3	1 615,4	2 724,9	1 324,9	34,7	49,4	8,2	29,3 30,9
1971	10 745,9	4 356,8	1 789,2	2 473,2	2 126,7	28,0	42,9	2,0	7,6 43,1
1972	12 381,2	4 783,6	1 904,1	3 267,5	2 426,0	31,1	42,6	-	20,7 46,6
1973	11 493,2	4 455,2	1 699,9	3 146,0	2 192,1	26,0	35,8	0	9,5 50,1
1974	12 473,2	4 372,6	1 948,5	3 526,2	2 625,9	22,2	27,9	-	2,9 55,1
1975	12 306,4	3 865,8	1 599,6	4 071,5	2 769,5	27,6	29,2	2,3	9,6 66,4
1976	13 196,2	4 405,9	1 455,1	4 251,5	3 083,7	37,9	38,4	-	18,7 81,7
1977	11 426,8	4 014,1	1 644,1	4 262,4	1 506,2	23,9	27,4	-	13,6 69,7
1978	12 850,9	3 834,5	2 043,0	4 940,7	2 032,7	23,6	17,9	7,2	16,3 68,3
1979	12 573,4	3 927,0	1 830,2	4 483,8	2 332,4	29,6	20,7	-	25,9 74,8
1980	13 926,7	3 573,8	1 916,6	4 542,5	3 893,8	30,9	13,3	-	12,4 83,7
1981	12 122,0	3 735,6	1 797,4	4 057,9	2 531,1	26,9	22,4	-	14,3 74,4
1982	12 515,8	3 470,3	2 118,8	4 410,9	2 515,8	19,9	21,1	-	8,1 56,0
1983	13 851,1	5 093,2	2 290,5	5 156,3	1 311,1	27,3	30,3	8,6	24,7 58,7

1. Summer and winter barley, also brewing barley and feed barley--2. Corn, mix grain, oats, sorghum etc.

Sources: Tables 6 and 7

Table 8

GDR Grain Shipments in Inner-German Trade

1970 - 1984

<u>Year</u> ¹	Food Rye (1000 t)	Food Wheat (1000 t)	Brewing ² Barley (1000 t)	Oats ³ (1000 t)	Total ⁴ (1000 t)
1970	25	143	231	42	441
1971	31	59	201	46	337
1972	45	71	188	58	362
1973	92	65	176	30	363
1974	101	76	152	21	350
1975	109	70	198	26	403
1976	125	75	183	24	407
1977	129	55	122	40	356
1978	49	60	153	93	355
1979	26	55	191	122	394
1980	15	50	160	125	350
1981	5	72	166	121	364
1982	5	75	149	128	357
1983	13	95	165	103	376
1984	16	87	137	85	325

1. 1970 - 1975 business years; 1976 - 1984 calendar years

2. Including malt (with factor 1.28 computed into brewing barley)

3. Including mix grain

4. Not considered are shipments of other grain products such as flour, whole grain products, brans, malt flour, malt extract (1984: total approximately 19 000 t)

Source: ELUF STATISTICAL YEARBOOK of the FRG 1984, p 331 and appropriate data in previous editions, as well as "Trade with the GDR and Berlin (East)," (Special Series 6) FRG Office of Statistics Wiesbaden 1984

Table 9

Domestic Consumption and Industrial Production
of Flours and Food Supplies in the GDR

1970 - 1984

Year	Domestic Consumption ¹ (1000 t)			Total	Industrial ³ Production (1000 t)	Difference	
	Rye flour	Wheat flour	Food ² Items			(1000 t)	percent of consumption
1970	689	884	87	1.660	1 464	196	11,8
1971	681	885	90	1 656	1.473	183	11,1
1972	656	895	90	1 641	1.445	196	11,9
1973	623	891	83	1 597	1 437	160	10,0
1974	608	897	90	1 595	1.462	133	8,3
1975	595	910	93	1 598	1 465	133	8,3
1976	574	925	94	1 593	1 468	125	7,9
1977	552	934	94	1 580	1 460	120	7,6
1978	531	953	92	1 576	1 453	123	7,8
1979	530	963	95	1 588	1 463	125	7,9
1980	529	957	95	1 581	1 468	113	7,1
1981	532	962	95	1 589	1 477	112	7,0
1982	539	984	98	1 621	1 500	121	7,5
1983	591	939	95	1 625	1 491	134	8,2
1984	603	963	97	1 663	.	.	.

1. Calculated from per capita consumption and population in annual average

2. Ground rice (farina), cooking barley, oat flakes, and others (including rice)

3. Industrial Production of flours and food supplies of all kinds (including rice) in government-owned firms according to production and productivity data in the GDR STATISTICAL YEARBOOK

Source: GDR STATISTICAL YEARBOOK 1984 and previous years, and also GDR STATISTICAL HANDBOOK 1985

Table 10

Food Rice Consumption and Rice Imports of the GDR 1976 - 1984

<u>Year</u>	<u>Consumption</u> <u>(1000 t)</u>	<u>Import</u> ¹ <u>(1000 t)</u>	Percent of food rice consumption
1976	30	42	140
1977	32	45	141
1978	30	43	143
1979	32	44	138
1980	32	44	138
1981	30	42	140
1982	35	31	89
1983	32	23	72

1. Primarily "rice (raw)"

Sources: Own calculations and data of the GDR STATISTICAL YEARBOOK 1984 and previous years

Table 11

GDR Domestic Food Grain Demand for Flour, Beer and Food Supplies

According to Grain Species in 1000 t

1970 - 1984

Year	Milling ¹ rye (1000 t)	Milling ² wheat (1000 t)	Brewing ³ barley (1000 t)	Grain for ⁴ food (1000 t)	of which Rice (1000 t)	Total grain (without rice) (1000 t)
1970	825	1 179	333	124	39	2 422
1971	816	1 180	367	128	39	2 452
1972	786	1 194	375	128	40	2 443
1973	747	1 188	394	118	39	2 408
1974	728	1 196	392	128	39	2 405
1975	712	1 213	414	132	37	2 434
1976	689	1 233	430	134	37	2 449
1977	661	1 245	440	134	40	2 440
1978	636	1 270	452	130	37	2 451
1979	635	1 284	467	136	40	2 482
1980	634	1 276	479	136	40	2 485
1981	637	1 282	492	136	37	2 510
1982	646	1 312	518	140	43	2 573
1983	708	1 252	517	136	40	2 573
1984	714	1 284	500	139	.	

1. Milling degree: 84.5 percent

2. Milling degree: 75.0 percent

3. Amount of 1 t brewing barley / 50 hl beer and 1.3 t brewing barley / t brewing malt with a (constant) net export of 5000 t malt/year (1971-1980) and 8000 t malt/year (from 1981)

4. Utilization rates of 50 percent (cooking barley production), 70 percent (oat flakes production) and 80 percent (rice processing) based on assumed proportions in food consumption of 20 percent barley, 40 percent oat flakes and 40 percent rice.

Source: Own calculations on basis of data in Table 9 and of GDR STATISTICAL YEARBOOK 1984 and previous years, and GDR STATISTICAL HANDBOOK 1985

Table 12

Grain Demands of the Spirits Production

Year	Alcohol content of spirits	Spirits production	of which on <u>grain basis:</u>		Raw materi- al needs for grain brandy (1000 t grain)	<u>of which:</u>	
	percent	(in 1000 hl alcohol)	(per- cent)	(1000 hl alcohol)		wheat	rye
						(1000 t)	(1000 t)
1970	39,4	455	30	136	38	15	23
1971	41,8	491	32	154	43	17	26
1972	43,3	522	34	177	49	20	29
1973	42,5	555	36	200	56	22	34
1974	42,0	578	38	220	61	24	37
1975	40,7	595	40	238	66	26	40
1976	40,7	636	42	267	74	30	44
1977	37,8	636	44	280	78	31	47
1978	38,1	691	46	318	88	35	53
1979	37,7	743	48	357	99	39	60
1980	38,2	800	50	400	111	44	67
1981	38,1	846	50	423	117	47	70
1982	38,1	851	50	426	118	47	71
1983	38,1	951	50	476	132	53	79

Sources: GDR STATISTICAL YEARBOOK 1984 and previous years and also own calculations, see sections a - g in text

Table 13

Required Minimum Amount of Government Supply for Grain
According to Grain Species (1000 t)

<u>Year</u>	<u>Rye</u>	<u>Wheat</u>	<u>Summer Barley</u>	<u>Winter bar- ley and oats</u>	<u>Total¹ grain</u>
1970	948	1 314	393	190	2 845
1971	942	1 317	427	194	2 880
1972	915	1 344	435	193	2 887
1973	881	1 340	459	184	2 864
1974	865	1 360	457	209	2 891
1975	842	1 369	499	215	2 925
1976	823	1 403	515	222	2 963
1977	798	1 416	525	214	2 953
1978	789	1 435	537	213	2 974
1979	795	1 463	537	216	3 011
1980	801	1 460	549	216	3 026
1981	807	1 469	562	219	3 057
1982	817	1 499	618	232	3 166
1983	887	1 455	577	216	3 135
1984					

1. Without rice

Sources: Tables 11 and 12, in addition to calculated seed grain demand

Table 14

Allocation and Consumption of Grain in the GDR According to
Usage Tendencies

Year	Total allocation ¹		of which:		Available feed	
	1000 t		consumer grain	feed grain	grain/livestock unit	
			seed grain and IDH ²			
			1000 t	1000 t	dt / GV ³	
1970	829	63	772	81	2 479	87
1971	814	62	703	75	2 436	85
1972	858	64	695	76	2 567	89
1973	906	68	676	77	2 672	93
1974	969	71	707	82	2 966	103
1975	977	71	670	80	2 941	101
1976	1 148	82	746	91	3 146	106
1977	1 228	87	808	101	3 345	113
1978	1 063	74	819	104	3 235	109
1979	1 181	81	876	101	2 776	92
1980	1 015	70	683	85	2 779	92
1981	1 203	82	681	84	2 792	91
1982	1 065	71	690	85	2 806	89
1983	1 146	79	706	80	2 799	89

1. see Table 7;

2. Sum from Tables 8 and 13;

3. Livestock (GV) amount according to data of STATISTICAL YEARBOOK, in addition to amount of fowl calculated in terms of GV (1 fowl = 0.004 GV) in annual averages (= medium of amount at end of year and at end of previous year)

Sources: see notes

Table 15

Rough Calculation of the Availability of Hoed Fruits and Rough Feed Supplies in 1000 t GE and in dt GE/GV in the Years 1976, 1980 and 1983.

Feed Supplies	1976	1980	1983
Feed potatoes ¹ (1000 t GE)	254	784	352
Feed sugar beets ² and other feed hoed fruits (1000 t GE)	468	562	793
Beef leaf and corn ³ (1000 t GE)	679	1 846	1 632
Field feed, meadows pastures and intermediate fruits ⁴ (1000 t GE)	5 739	7 811	8 234
Total (1000 t GE)	7 140	11 003	11 011
in dt GE/GV	12,3	18,3	18,2

1. Difference between harvest amounts and government supplies (0.2 dt GE/dt)
2. Difference between harvest amounts and government supplies (0.25 dt GE/dt)
3. Harvest amounts beets: leaf = 1.1 basis (0.1 dt GE/dt)
4. Amounts on green feed (0.12 dt GE/dt)

Source: Calculation according to data in GDR STATISTICAL YEARBOOKS

FOOTNOTES

1. These changes in the ratio between usable and arable land shall here be described only briefly because other publications have dealt with them in detail. See especially: Manfred Hoffmann: "Acreage Usage in a Socialist Society--Illustrated by the Example of the German Democratic Republic", Berlin 1983--Karl Eckart: "More Recent Developments in Agricultural Land in the Two German States," in: GERMAN STUDIES, Lueneburg, volume 87/1984, pp 267-316--Karl Eckart: "Changes in the Market Fruits Production in the Two German States," in: MAGAZINE FOR AGRARGEOGRAPHY, Paderborn, volume 1/1985, pp 3-42.
2. Whereas the data of the GDR STATISTICAL YEARBOOK on LN and pasture and arable land correspond to the results given by the reports on the agricultural cultivated land, the utilization structure of pasture and arable land can be determined only from reports on harvest lands, i.e. acreage planted with a specific kind of crop--but not acreage that has not been harvested--can be determined only as a part of the statistical remainder category of "other use."
3. On this topic see also Karl Hohmann: "Development and Importance of Private Agricultural Production in the GDR," FS-Analyses, vol 3/1984 p 19).
4. Heinz Kuhrig: "With Vigor and Optimism Toward Best Results Everywhere," in: NEUES DEUTSCHLAND, 14 May 1982, p 3.
5. "During the Karl Marx Year the Productivity of Farmers Is Directed Toward High Yields," in: NEUES DEUTSCHLAND, 22/23 Jan 1983 p 3.
6. Heinz Kuhrig: "With Vigor and Optimism..." ibid p 3.
7. Including summer wheat whose amount rarely, e.g. in 1981 and 1982, amounts to more than 5 percent of the total wheat acreage.
8. Including summer rye whose production with its approximately 10 000 ha only rarely surpasses 2 percent of the total rye acreage.
9. See NEUES DEUTSCHLAND, 20 Nov 1981 p 5.
10. See also: Karl Hohmann, "The Economic Measures in GDR agriculture against the Background of To-date Results of the 5-Year Plan 1976-1980", in FS-Analyses, vol 5/1980 pp 55-87, here survey 2.
11. See also Marian Haendcke-Hoppe: "10 Years Foreign Trade and Foreign Economic Policy of thr GDR," in: FS-Analyses, vol. 5/1984 p 72.
12. Computed from USDA: "Eastern Europe Agricultural Situation," Washington DC, 1977 pp 32-35 and 1982 pp 40/41.
13. Ibid.

14. Willi Stoph: "Report to the 10th SED Party Congress..." in: NEUES DEUTSCHLAND, 15 April 1981 p 4.
15. "Directive of the 10th SED Party Congress on the 5-Year Plan for the Development of the GDR National Economy in the Years 1981 to 1985," Berlin (East), 1981, p 49.
16. Helmut Semmelmann: "What is the Nature of the Grain Problem?" in: NEW WAY, Berlin (East), vol 5/1982 pp 203-205.
17. Ibid, p 204.
18. Toepfer International: "The Grain Market in Canada," in: MARKET REPORT of 17 Nov 1983.
19. Toepfer International: MARKET REPORT of 17 May 1984.
20. Toepfer International: MARKET REPORT of 17 Feb 1983 and 11 May 1983.
21. Since 1985 renamed as "VEB Scientific-Technical-Economic Center of the Grain Industry.
22. Hans Jacobi: "Dialog '81--Possibilities and Reserves for Guaranteeing Food Grain Demands from Domestic Resources," in: GRAIN TRADE, Berlin (East), vol 5/6/1981, p 104.
23. In this connection it is interesting to note that 1980 was the beginning of the U.S. grain embargo toward the USSR.
24. A. Ackermann: "To Further Increase Food Wheat Yields", in: GRAIN PRODUCTION, Berlin (East) vol 3/1981, pp 55-57, and also: W. Schmieder, S. Zabel: "On Several Questions Concerning the Guarantee of Food Wheat Production in the GDR" in: GRAIN PRODUCTION, Berlin (East) vol 4/1985, pp 77-81.
25. W. Schmieder, S. Zabel: "On Several Questions..." ibid, p 77, and also G. Beese, H. Zimmermann: "Assortment Strategy with Multiple Advantages" in: GRAIN PRODUCTION, Berlin (East) vol 5/6/1984, p 106, and H. Witt, G. Beese, A. Haensel: "Presentation of New Grain Species 1984," in: GRAIN PRODUCTION, Berlin (East) vol 5/6/1984, pp 9-105.
26. TGL 39311 terminology of grain production.
27. A. Ackermann: "New Grain Foods--Presented in TGL: TGL 42 581/01-- Grain Fruits, Food Grain," in: GRAIN PRODUCTION, Berlin (East) vol 5/6/1984, pp 128-131.
28. H. Jacobi: "Great Responsibility for Food Grain," in: GRAIN PRODUCTION, Berlin (East) vol 1/1980, pp 14-16, and also: H. Jacobi: "Development and Status of Food Grain Production in the GDR," in: AGRICULTURAL PRODUCTION, Berlin (East) vol 6/1984, pp 238-240.

29. Ibid.
30. H. Jacobi: "High Responsibility..." ibid, p 14.
31. H. Jacobi: "Development and Status..." ibid, pp 238/239, and also Bruno Lietz: "Highest Grain Yield since the Existence of the GDR-- Motivation and Challenge for the Work of All of Us," in GRAIN PRODUCTION, Berlin (East) vol 10/1984, pp 219-221.
32. "In addition to grain, about 9 400 tons malt, 3000 tons malt flour and malt extract, 1050 tons barley products for food purposes and 153 tons seed stock were exported within the IDH, among other goods, in 1984.
33. H. Jacobi: "On Several Results of the Grain Harvest 1981," in: GRAIN PRODUCTION, Berlin (East) vol 1/1982, pp 10-13 (here p 13), also H. Jacobi: "Results and Conclusions of the grain industry from the grain fruit harvest in 1983," in: GRAIN PRODUCTION Berlin (East) vol 1/1984, pp 14-17 here p 17.
34. H. Jacobi: "High Responsibility for Food Grain," in: GRAIN PRODUCTION, Berlin, (East) vol 1/1980, p 14--M. Schultze: "Effective Flour Usage by Separating Small Grain Shares," in: GRAIN PRODUCTION, Berlin (East) vol 7/1981 pp 163-166, and also H. Jacobi: "On Several Results of the Grain and Oil Fruit Harvest 1982," in: GRAIN PRODUCTION, Berlin (East) vol 12/1982, pp 267-270, here p 270.
35. Dieter Mansfeld: "Food Production in the GDR," in: FOOD INDUSTRY, Leipzig vol 4/1976, pp 164-166.
36. In the middle of the 70's the following ingredients were used "for the production of whole beer on raw barley basis": 53 percent malt, 12 percent sugar and 35 percent raw barley. Raw rice was "used for the production of special beer with a share of about 50 percent." See ibid p 166.
37. With a reduction by 20 percent when "rice in straw husks" is processed into "husked rice", according to the calculations used in the FRG, and there is no import of already processed rice.
38. J. Kroll, Ch. Franzke: "Production and Usage of Candied Green Tomatoes," in: FOOD INDUSTRY, Leipzig vol 2/1984, p 93.
39. R. Vetter: "Waldheim Workers Accepted New Production Tasks," in: FOOD INDUSTRY, Leipzig vol 5/1984, pp 199-201.
40. See Reinz Ritter: "Calculations in the Grain Industry," Leipzig 1974, p 154.
41. H. Jacobi: "High Responsibility for Food Grain," in: GRAIN PRODUCTION, Berlin (East) vol 1/1980 p 14.
42. STATISTICAL YEARBOOK ON NUTRITION, AGRICULTURE AND FORESTS (ELuF), Muenster-Hiltrup 1984, p 183.

43. M. Schultze: "More Effective Flour Production by Separating Small Grain Proportions," in: GRAIN PRODUCTION, Berlin (East) vol 7/1981, pp 163-166.
44. Dieter Mansfeld: "Food Supply Production in the GDR," in: FOOD INDUSTRY, Leipzig vol 4/1976, pp 164-166. See also: Data in the STATISTICAL YEARBOOK on ELuF 1984, Muenster-Hilrtup, pp 182-184.
45. See: "abc Agriculture" Leipzig 1974, p 191.
46. Rudolf Werner: "Farmer and Brewer," in NEW GERMAN FARMERS JOURNAL Berlin (East) No 19/1985, p 19.
47. GDR STATISTICAL YEARBOOK 1982, p 245.
48. Authors collective: "Evaluation of Grain Fruits and Mill Products," Berlin 1976, p 22.
49. H. Jacobi: "The Development of Demand and Production of Brewing Barley in the GDR," in: GRAIN PRODUCTION, Berlin (East) vol 12/1980, pp 267-271.
50. H. Jacobi: "The Development of Demand and Production of Brewing Barley in the GDR," in GRAIN PRODUCTION, Berlin (East) vol 2/1985, pp 35-37.
51. Ibid, p 36.
52. Peter Lietz: "The Task of Research and Development in the Fermentation and Beverage Industry," in: FOOD INDUSTRY, Leipzig vol 5/1976, pp 203-213.
53. W. Guenther: "Primaspirit for More Than 500 Businesses," in: FOOD INDUSTRY, Leipzig vol 8/1978, p 453.
54. PRESSE-INFORMATIONEN, Berlin (East) No 102/1982, pp 4/5.
55. J. Einencel and others: "Possibilities of Utilizing Waste Products of a Grain Distillery," in: FOOD INDUSTRY, Leipzig vol 1/1985, pp 23-26.
56. Government supplies for agricultural products is defined as: the portion of the agricultural goods production that is sold to buyers from industry and commerce (also direct purchase) in order to supply the population with food, and industry with raw materials. Including seed grain which is included in government seed grain funds. (See "Definitions for Calculation and Statistics," part 4II, Berlin (East) 1980.
57. G. Nitzsche, E. Schubert: "Dresden Bezirk Regulates Seed Grain Supply," in: GRAIN PRODUCTION, Berlin (East) vol 5/6/1984, pp 107-109.
58. Ibid, p 108, footnote 2.
59. Bruno Lietz: "Highest Grain Yield since the Existence of the GDR--Motivation and Challenge to the Work of All of Us,": in: GRAIN PRODUCTION, Berlin (East) vol 10/84, pp 219-221, here p 220.
60. Ibid.
61. See GDR STATISTICAL YEARBOOK 1984, p 206, Footnotes 1 and 3.

TRADE WITH BULGARIA INCREASING

Dubayy KHALEEJ TIMES in English 7 Mar 86 p 13

[Text]

BULGARIA's exports to the UAE have registered a slight increase despite current obstacles to trade with the Gulf such as the economic slow-down and effects of the Iran-Iraq war, according to the country's ambassador to Kuwait, Ivan Budinov.

In a chat during a visit to this newspaper's office in Dubai, Mr Budinov said exports to this country last year were worth about \$5 million and promotional efforts were to be undertaken to augment trade.

A high-level delegation led by the chairman of the Bulgarian chamber of commerce will visit Dubai at the end of this year and the first Bulgarian solo exhibition is proposed to be held in the emirate in early 1987.

Mr Budinov who was accompanied by the director of Bulgaria's trade centre in Dubai, Vesselin Bijev, said the absence of shipping links between the two states hindered growth in trade.

Three years ago, Bulgaria started a direct shipping service, but it was found to be uneconomical because usually there was no cargo for return voyage.

However, when there are huge consignments for this region Bulgarian exporters charter vessels for direct sailing.

Among the country's major exports to the UAE are canned food, live animals, textiles and canned fruits and vegetables. Among the highlights of bilateral economic cooperation has been a joint venture design and consultancy firm.

It designed several prestigious buildings in the country such as municipal offices in Abu Dhabi and Al Ain, the central bus station in the capital and the foodstuff testing laboratory in Al Ain.

Over 3,600 tourists from the UAE visited Bulgaria last year, 40 per cent of whom were nationals. Its national airline runs a weekly flight to Abu Dhabi and during the holiday season, there are frequent chartered flights for tourists from various local airports.

Discussions are now under way with concerned ministries in the UAE for organising a Bulgarian cultural week in the capital which will feature the country's heritage of painting, puppet theatre, monuments and other subjects of interest.

/9317

CSO: 4400/130

OFFICE COMPUTERS TO AID DOMESTIC CONSUMER GOODS INDUSTRY

East Berlin DER HANDEL in German Vol 36 No 1, Jan 86 (signed to press 17 Dec 85) pp 7-8

[Article by Dr Werner Hartwig of the Central Organization and Accounting System for the Domestic Consumer Goods Industry: "Microelectronics--Key Technology of Modern Computer Technology in Trade"]

[Text] Utilizing modern computer technology based on the office computer is a task that is arising in new dimensions in other areas as well. This means the materials industry, the organization of cooperative relations as well as... trade.¹

In preparation for the 11th party congress of the SED, the most substantial scientific and technological research results for the accelerated application of modern computer technology under the jurisdiction of the Domestic Consumer Goods Industry were presented in September 1985 to a group of leadership and management cadre.

Electronic Data Processing Model Project Applied Efficiently

With the help of electronic data processing in trade, the flow of finished goods from industry and other cooperative partners has in recent years been registered and controlled using information technology to an increasingly large extent. For the nearly 800 enterprises and combines in trade, as well as the state and economic management organs, approximately three million data sets are currently being processed each day at 40 intermediate data processing facilities.

Information processing is based on the application of efficient model projects for economic enterprises with uniform management and organization. The extent of use in wholesale trade is between 15 to 30 times higher, while in retail trade (for accounting and statistics) project applications are as much as 500 times higher. This means extensive utilization of efficient information projects for Bezirk-based wholesale trade combines and retail trade enterprises. The main areas of application of these model projects are:

--Transportation, transshipment and storekeeping processes in wholesale trade, accounting for approximately 70 percent.

--Accounting functions of wholesale and retail trade, constituting approximately 15 percent.

--Territorial and central management of the circulation of goods and of economic effectiveness, accounting for approximately 10 percent.

--Management of the circulation of goods in retail trade, accounting for approximately five percent.

New Quality of Information Processing Necessary

As national and international trends show, only a limited part of the potential capabilities that could be achieved through automated information processing has been opened up by the applications thus far of centralized electronic data processing in trade. In order to utilize further potential capabilities on a scale that is significant to the national economy, modern microcomputer technology must be immediately integrated into the operational processes of trade. Based on this acknowledgement and in accordance with the advanced state of development of microcomputer technology in the GDR, it is of importance that a new level of quality be achieved in information processing, which is best expressed in the concept of "distributed information processing."

This means nothing other than to extend the use of Bezirk-based concentrated facilities (ESER) to handling large amounts of data and to raise the capacity of computer-supported information systems in trade through distributed computer operating stations in the trade institutions.

Developmental Guidelines for the Use of Computer Technology

The period up to 1990 shows four main trends in the development and application of modern computer technology for domestic trade in consumer goods, for which both project-oriented (software) and material-technical (hardware) requirements must be secured.

The order and rank of these main trends are determined by:

1. The use of computer work stations for running transportation, transshipment and storekeeping processes in wholesale storerooms, primarily for WTB and OGS;
2. The use of computer work stations for the intensification of cooperation between trade and industry;
3. The creation of incentive for the development of goods-oriented management systems among selected types of goods through using microcomputer technology (sales terminals), as well as trying out efficient cash register procedures, including the credit card;
4. The perfection of the information system for managing, planning and controlling supply and economic processes.

In accordance with these main trends, 17 exhibits characteristic of the period up to 1990 were presented during the exhibition. They were prepared and tested for broad application in practical trade or are to help guarantee, as a pilot solution, the scientific and technological incentive over and above the above-mentioned period of time. In particular, this includes:

--The application of the screen dialogue procedure to the management and control of the transshipment of goods in WTB wholesale trade. This solution has been tested for some time in Berlin and in the Bezirk of Schwerin;

--The use of the information and dialogue system in the furniture industry. The increasing effectiveness of this process in the retail goods of the Socialist Trade Enterprise Furniture in Berlin is becoming immediately noticeable to retail customers and is helping to raise the level of potential supply output of this critical type of goods;

--The application of computer-supported control over contract fulfillment in the computer work station for shoes and leather goods;

--The preparation of a goods-oriented management system with concrete equipment on all levels of the distribution process, for example through the use of sales terminals with optical label readers in a luxury goods store.

New Technology Brings With it New Management Responsibilities

Trade enterprises and institutions coming into contact with computer work stations are facing new leadership responsibilities. These are primarily responsibilities such as:

--Political and ideological preparation;

--The elaboration of a plan for application, bearing in mind requirements concerning the improvement of work and living conditions;

--The creation of scientific and technological incentive in the area of responsibility, and;

--The involvement of workers.

This in turn demands a graduated program of qualifying and training, which will in principle include the following stages.

First stage: Qualification of the management cadre at the respective educational institutions in the form of outlines on the method of operation and requirements of microcomputer technology (including several hours of practical computer experience).

Second stage: Training of specialists for drawing up projects and programs of microcomputer technology at the Domestic Consumer Goods Industry training center in Luebbenau.

Third stage: Practice-oriented training of the user and operators of computer work stations by specialists in project and program development.

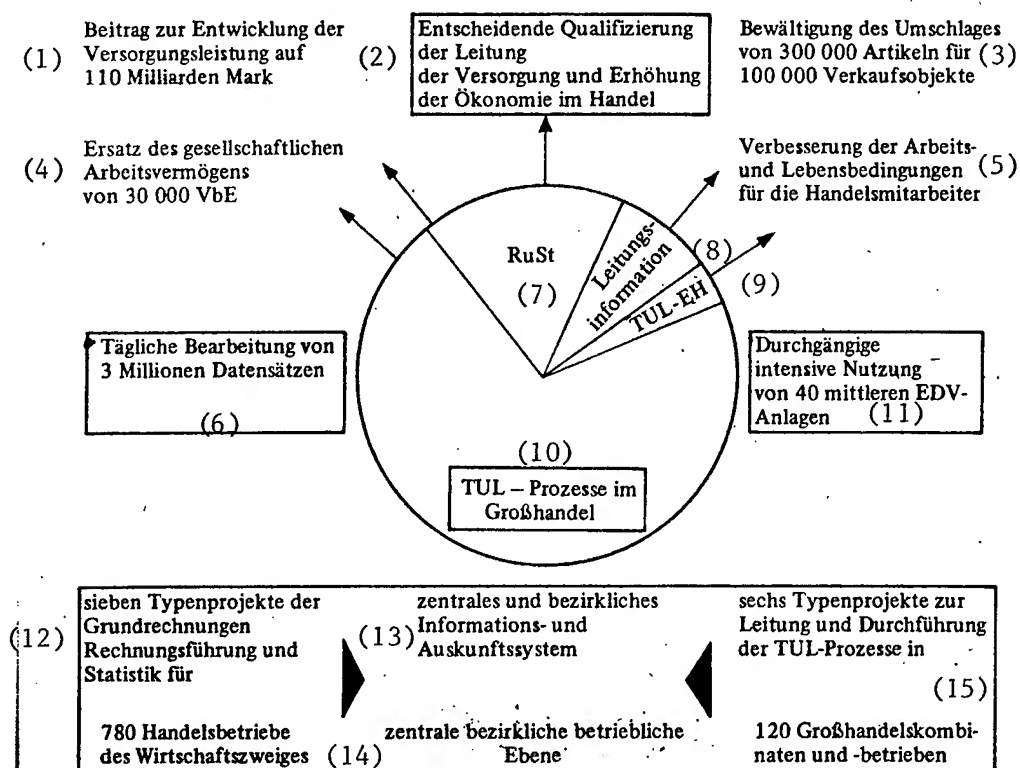
Fourth stage: Training of a permanent staff of maintenance and repair personnel for microcomputer technology, in order to assure a high level of availability of the equipment in cooperation with the Robotron combine.

The industrial exhibition "Application of Modern Computer Technology in Trade" demonstrated convincingly the possibilities for a high increase in performance through the widespread application of work station-oriented information processing. The period of return on expenditures, which is within the tolerance range 1 to 2 years, also verifies the economic load capacity of the solutions.

FOOTNOTES

1. Erich Honecker, "10. Tagung des ZK der SED" [Tenth Meeting of the Central Committee of the SED], Dietz Verlag Berlin, 1984, p 34.

Figure 1. Achieved Results of Electronic Data Processing Applications in the Domestic Consumer Goods Industry



Key: Table 1

1. Contribution to the development of supplies amounting to 110 billion marks
2. Crucial qualification of the management of supplies and the elevation of the economy in trade
3. Dealing with the transshipment of 300,000 articles for 100,000 finished products
4. Reimbursement of the societal labor potential of 30,000 VBES
5. Improvement of working and living conditions for workers in trade
6. Daily processing of three million data sets
7. RUST
8. Management information
9. Transport, transshipment and storage processes in retail trade
10. Transport, transshipment and storage processes in wholesale trade
11. General intensive use of 40 intermediate data processing facilities
12. Seven model projects in basic calculations of accounting and statistics for 780 trade enterprises in the economy
13. Central and Bezirk information systems
14. Central Bezirk enterprise level
15. Six model projects on the management and implementation of transport, transshipment and storage processes in 120 wholesale combines and enterprises

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MAIN HIGHLIGHTS OF 1986 CENTRAL ANNUAL PLAN PUBLISHED

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12 Dec 85 p 1

[Unattributed article: "Tasks and Conditions for Fulfillment of the Central Annual Plan for 1986: Extract from Council of Ministers Resolution No 178/85 of 15 November 1985 on the Subject of the Central Annual Plan for 1986"]

[Text] On the basis of article 27 paragraph 2 point 1 and article 33 of the 26 February 1982 law on socioeconomic planning (...), guided by the provisions of the 24 July 1985 resolution of the Sejm of the Polish People's Republic on the subject of alternative concepts for the National Socioeconomic Plan for the years 1986-1990 and the assumptions of the Central Annual Plan for 1986, and taking into account the results of the social consultations on the assumptions of the plan and the consultations on the draft plan with trade union bodies with respect to employment, prices, people's living conditions, and working conditions, the Council of Ministers resolves the following.

Section I

General Regulations

Article 1

1. The provisions of the resolution and the annexes to it cited in article 60 constitute the Central Annual Plan for 1986, hereinafter called the "plan."
2. An integral part of the plan mentioned in paragraph 1 is Resolution no. 123/85 of the Council of Ministers, dated 19 July 1985, on the subject of operational programs and government orders for materials, products, and investments, hereinafter called "Resolution no. 123/85."
3. A separate resolution (...) defines the central tasks in the area of scientific and technological development in 1986.

Article 2

1. The bodies of the state administration, within the areas proper for them and with mutual consultation, are obliged to undertake effective actions in

order to fulfill the plan, using the means given them by the constitution for influencing enterprises and other economic units.

2. State enterprises, in accordance with article 2 of the 25 September law on state enterprises (...), are obliged to ensure that their plans and the economic activity conducted on the basis of them are consistent with the goals of the socioeconomic plan.

3. Ministries and other bodies of the state administration that function as the parent bodies of enterprises will undertake appropriate activities to ensure that the plans of the enterprises are consistent with the socioeconomic goals defined in the Central Annual Plan for 1986.

Section 2

Social and Economic Goals and the Basic Factors in Achieving Them

Article 3

The following are established as the main socioeconomic goals to be achieved in 1986:

- 1) ensuring an improvement in the population's living conditions, especially:
 - a) better satisfaction of needs in the area of food;
 - b) strengthening the money-market equilibrium and reducing inflation, particularly by increasing deliveries of industrial products of primary significance, improving the quality and durability of products, and increasing the availability of repair services;
 - c) increasing housing repairs and housing construction;
 - d) increasing school construction for the rapidly growing population of young people of elementary school age;
 - e) continuing the activities on behalf of environmental protection, and expanding the material base for health care;
- 2) ensuring the continued growth of material production, especially by improving business efficiency, particularly through:
 - a) a growth in investment outlays that will make it possible to halt the process of disinvestment, modernize production assets, and make structural changes in the national economy, with particular consideration for the measures covered by the preliminary program for structural changes;
 - b) accelerating the adoption of the results of scientific development work, especially those which ensure a reduction of the use of fuel and energy, an improvement in quality, or an increase in the productivity of labor;

- c) increasing Poland's share in the international division of labor, especially within the framework of the Council for Economic Mutual Assistance, by intensifying exports and increasing their effectiveness;
- d) making better use of production capacity through the professional activation of the population, the resolution of bottlenecks in production capacities, and an improvement in the organization of production, turnover, and management;
- e) strengthening economic equilibrium, especially the money-market equilibrium, and for this purpose improving the economic-financial system and increasing the effectiveness of influence upon economic entities in order to improve economic relations.

Article 4

1. In order to achieve the improvement in the population's living conditions, in accordance with the courses described in article 3 point 1, in 1986 it is necessary:

- 1) to increase consumption from the personal incomes of the population by 2.5 percent, and collective consumption by 2.1 percent;
- 2) to increase deliveries of goods to the market by 2.9 percent, including:
 - a) consumer goods by 2.8 percent, including food by 2.8 percent;
 - b) nonconsumer goods by 3.8 percent;
- 3) to intensify technological discipline in production, in order to improve the quality of products and to ensure full adherence to the regulations for the qualitative selection of goods by trade, and also to create conditions promoting the expansion and acceleration of the adoption of new technology, and the production of modern materials, subassemblies, and finished products;
- 4) to increase the supply of services provided to the population for pay by units of the socialized economy by 5.3 percent;
- 5) to repair and modernize 155,400 apartments;
- 6) to construct 135-140 thousand apartments within the framework of socialized construction, to create conditions permitting the construction of 58-60 thousand apartments within the framework of private construction, and to ensure the completion of unfinished apartments and conditions for shortening the construction cycle, in order to achieve an increase in housing construction in 1987;
- 7) as a result of the completion of investments, to turn over for use 2.9, thousand classrooms in elementary schools, to ensure the continuation in 1986 of the construction of 11.1 thousand classrooms, and to intensify the search, on behalf of elementary schools, for facilities to be taken over from other users;

8) to reduce the rate of the growth of prices for market products by about 1-2 percent in comparison with 1985, and to limit the growth of retail prices occurring after 1 January 1986 to the level of 8.5-9.0 percent; for this purpose it is necessary:

a) to establish rules and parameters regulating the growth rate of emoluments, in order to achieve a closer dependence of the growth of emoluments on the extent of the economic results achieved in the sphere of material production;

b) to keep the growth of the population's nominal incomes at a level not higher than the growth in the level of prices, in order to improve the relationship between the supply of market goods and services, and the population's current incomes, from 88 percent in 1985 to about 91 percent in 1986.

2. In order to preserve the market equilibrium in the event of an increase in the population's wages and other monetary incomes, not justified by an increase in market deliveries, the finance minister will undertake actions to ensure an increase in retail prices above the planned level, in proportion to this increase in the monetary incomes of the population.

Article 5

In order to increase the national income created in 1986 by 3.1-3.4 percent, it is essential that economic units achieve the following:

1) a reduction in the outlays for the creation of a unit of national income, including particularly a reduction in the consumption of fuel, energy, and raw and other materials covered by the central budget, leading to a reduction as a consequence of this in the following:

a) energy-intensiveness by 3.0 percent;

b) materials-intensiveness by 1.8 percent, and furthermore an increase in the productivity of labor by 3.0 percent; achieving higher indicators is a basic condition for fulfillment of the plan and should be treated by administrative bodies and enterprises as a principal task;

2) an increase in the domestic production of basic fuels, energy, and raw and other materials covered by the central budget, specified in annex no. 2 of the resolution;

3) an increase in the rate of productive utilization of reclaimed raw materials;

4) the introduction of new technology and products, including those covered by government orders in the area of the development of science and technology, which have fundamental significance for achieving an increase in the effectiveness of exports;

5) an 8.3 percent increase in exports to the first payments area, and at least a 3.8 percent increase in exports to the second payments area, which requires a corresponding increase in imports;

6) turning over investment installations for use and initial operation in accordance with the cycles established by the contracts, so that the increase in production capacity from this source in 1986 would amount to at least 250 billion zlotys;

7) an increase in the rate of the concentration of production in the most modern plants that manufacture products with low material and energy costs; this should particularly apply to the mineral, electrical machinery, chemical, and light industries;

8) an increase in the rate of utilization of fixed assets, among other things as a result of the organization of plant economic collectives.

Article 6

1. Ensuring that in 1986 the activities of enterprises are in accordance with the socioeconomic goals of the plan should be expressed above all through the enterprises' planning and carrying out the tasks specified in articles 4 and 5, and also:

1) through complete adherence to the principles of economic discipline, above all the principle of financing one's own expenditures, and also the proper ratio between the growth of emoluments and the growth of net production, and the principle of dividing the profit in a way that takes into account the need to ensure the development of the enterprise;

2) through refraining from the socially harmful practices of increasing one's own income at the expense of other economic entities, consisting particularly of:

a) a lack of concern for the development of the enterprise;

b) incorrect operation or neglect of repair work, leading to a premature consumption of the enterprise's assets;

c) neglect of activities aimed at raising workers' qualifications, or activities aimed at improving the safety and sanitary conditions of work;

d) a reduction in the quality of the products manufactured in comparison with the established standards and models and the contracts concluded;

e) calculating costs and setting prices in a manner bringing the enterprise undue profits;

f) the unpunctual and incomplete fulfillment of concluded contracts, and the breaking of coproduction contracts.

2. Parent bodies, inspection bodies, and prosecution bodies, each within their own sphere, will intensify preventive activities and activities aimed at rigorous enforcement of the sanctions that in accordance with the legal regulations should be applied in cases of the conduct of enterprises discussed in paragraph 1 point 2.

Article 7

1. In order to create conditions permitting an increase in economic efficiency, in 1986 it is necessary to continue the measures undertaken in the years 1982-1985 leading to structural changes in the economy, and to initiate further changes through investment measures within the framework of the preliminary program for structural changes in the national economy, which are discussed in annex no. 4 of the resolution.

2. Activities aimed at the structural changes discussed in paragraph 1 should be particularly oriented toward increasing the supply of profitable highly processed products for export; for this purpose, economic units should concentrate above all on measures to ensure a rapid increase in the following:

1) the production of modern materials with particularly beneficial useful properties that ensure an improvement in the quality of the final product and the possibility of an effective expansion of the range of the production of modern products;

2) the production of modern high-quality subassemblies for general application, which will result in the achievement of a high level of quality and operating characteristics that are important for the economy of the final products;

3) the production capacity in areas that constitute bottlenecks for the economy, which will make it possible to use the country's existing manufacturing potential more fully;

4) the production of goods that are characterized by reduced materials-intensiveness and energy-intensiveness in the phase of manufacture and use.

Article 8

1. In order to ensure full achievement of the basic tasks of the plan cited in articles 3-7, the bodies of the state administration, using the instruments for guiding the implementation of the plan that are specified in annex no. 3 of the resolution, and ensuring the allocation of material resources, especially raw and other materials, foreign exchange funds, and funds for investment purposes in accordance with the determinations in annexes 1 and 2 of the resolution, should create conditions that will permit the enterprises full achievement of the economic results specified in the plan, and should ensure the distribution of these results in accordance with the plan.

2. On the basis of article 52 of the law on state enterprises, the parent bodies should make assessments of the enterprises' projections for 1986, formulated in their draft plans, and they should provide the enterprises with

the conclusions resulting from these assessments, particularly with respect to the measures required for improving efficiency and for achieving the full consistency of the enterprises' projections with the goals of the Central Annual Plan.

3. In the assessments cited in paragraph 2, attention should be concentrated in particular on matters concerning the following:

- 1) the enterprises' planned growth rate for exports and imports;
- 2) the basic economic ratios characterizing the efficiency of the enterprises;
- 3) the enterprises' planned ratio between government orders and the tasks arising from operational programs;
- 4) the enterprises' planned tasks in the area of reducing manufacturing costs, including in particular decreasing the consumption of fuels, energy, and raw and other materials.

4. In the event that significant undesirable discrepancies are observed between the general courses for change in the national economy specified in the plan, and the projections of all or some of the enterprises, the proper parent bodies and other authorized bodies of the state administration should use the appropriate means of influence vested in them by law, of a general or individual nature, to oppose these unfavorable discrepancies, together with the means stipulated in the 29 June 1983 law on improving the management of state enterprises and on their insolvency (DZIENNIK USTAW No 36, item 165).

Section 3

Tasks in the Sphere of Material Production

1. Industry

Article 9

1. The basic task of industry is increasing export capacity, improving the effectiveness of exports and the competitiveness of Polish products in the world market, reducing the energy-intensiveness and materials-intensiveness of production, and also satisfying domestic demand more fully. In order to carry out these tasks, it is necessary to concentrate activities primarily upon the following:

- 1) accelerating the development of areas that contribute to technical and technological progress in the economy, with the simultaneous abandonment of the production and use of inefficient products, designs, and technologies;
- 2) making fuller use of the existing production capacity, especially due to the limitation and elimination of production bottlenecks and increases in the degree of the mechanization and automation of work.

2. Using the results of the activities discussed in paragraph 1, in 1986 it is necessary to ensure the following:

1) a 3.2-3.6 percent increase in industrial production, mainly through reducing the materials-intensiveness of production and increasing the productivity of labor;

2) full adoption of the new products and technologies cited in annex no. 1, and completion of the material tasks in the area of production investments, in accordance with concluded contracts;

3) an increase in the proportion of exports in total production.

3. In the event of an insufficient supply of spare parts, preventing the proper utilization of production machinery, equipment, transportation equipment, and durable goods, it is necessary to strive for an increase in the production and supply of spare parts, even at the cost of limiting final production.

Article 10

1. In the fuel and energy industry, it is necessary to strive to achieve an increase in production by at least 1.9 percent, while limiting the increase in the overall materials-intensiveness of production to 0.6 percent, and furthermore particularly stressing improvement of the structure of production and modernization of the production equipment, which should be manifested above all through the following:

1) an increase in the proportion of coking coal and hard coal in total coal mining;

2) expansion of the production of coke with higher useful parameters;

3) higher efficiency in the energy system as a result of continued modernization and the installation of modern equipment in power stations, heat and power stations, and heating stations, in electrical networks, and in the production of gas;

4) an increase in the proportion of brown coal in the production of electrical and thermal energy and the supply of fuel for the domestic market;

5) the implementation of measures for the development of nuclear energy;

6) an improvement in the quality of anthracite coal through full utilization of the existing capacity in plants for the mechanical processing of coal;

2. In the metallurgical industry, it is necessary to strive for an increase in production by at least 1.6 percent, in combination with a decrease in the total materials-intensiveness of production by at least 1 percent, while ensuring a parallel improvement in the structure of production and an increase in the use of energy-conserving and materials-conserving technologies, and

also improving working conditions and environmental protection. This should occur in particular as a result of the following:

- 1) the development of the production of products made from high-quality steels with higher durability characteristics;

- 2) the modernization of plants for the smelting and processing of nonferrous metals, leading among other things to an increase in the reclamation of accompanying metals in copper, zinc, and lead ores.

3. In the electrical machinery industry, it is necessary to strive for an increase in production by at least 5 percent, in combination with a reduction in total materials-intensiveness by at least 3 percent, while particularly stressing the strengthening of coproduction ties and ensuring an increase in the production of modern machines, equipment, and subassemblies:

- 1) ones that are profitable exports, and permit obtaining an improvement in the quality of the products manufactured;

- 2) ones that permit reducing energy-intensiveness and materials-intensiveness, and raising the productivity of labor throughout the entire economy;

- 3) ones that serve to ensure environmental protection, and also the development of a modern base of materials and electronic subassemblies and electronic equipment.

4. In the chemical industry, it is necessary to strive for an increase in production by at least 5.4 percent, in combination with a reduction in the total materials-intensiveness of production by at least 1.5 percent, while paying particular attention to the following:

- 1) ensuring an increase in the supply of basic chemicals and materials, including particularly mineral fertilizers, pesticides, plastics and synthetic fibers, auxiliary funds, synthetic rubber and industrial carbon black, and pharmaceutical products;

- 2) development of the base of semimanufactures for the detergent, lacquer product, pesticide, and pharmaceutical industries;

- 3) mastering the technology for and preparing for the production of low-weight plastics with high useful values, chemicals for electronics, catalysts for chemical and refinery processes, new medicines, and chemical products required in waste purification processes.

5. In the minerals industry, it is necessary to strive for an increase in production by at least 4.3 percent, in combination with a reduction in the total materials-intensiveness of production by at least 0.9 percent, while aiming primarily at:

- 1) increasing the supply for providing the country with wall, binding, and insulation materials, and drainpipes;

2) intensifying the production of wall and roof materials from local raw materials;

3) ensuring the hermetic sealing of production units in plants for asbestos and cement products, in order to eliminate the harmful effect of asbestos on the health of the employees;

4) reducing the use of the energy-intensive wet method in the production of clinker.

6. In the wood and paper industry, it is necessary to strive for an increase in production by at least 5.7 percent, in combination with a reduction in total materials-intensiveness by at least 1.5 percent, while stressing the following:

1) better use of the production capacity of the furniture industry, in order to increase the supply of furniture for export and for the domestic market;

2) increasing the extent of the utilization of wood raw materials by developing the production of wood semimanufactures and refined hardboards;

3) increasing the use of scrap paper in the cellulose-paper branch;

4) the conservation of water, and limitation of the negative effect of production on the environment.

7. In light industry, it is necessary to strive for an increase in production by at least 4 percent, in combination with a reduction in the total materials-intensiveness of production by at least 1.8 percent, while paying particular attention to the following:

1) increasing the production of semifinished products, the lack of which limits the possibilities for an increase in the production of consumer products that are in demand. This particularly applies to cotton and wool yarn and soft leather;

2) surmounting the barrier obstructing an increase in production that is represented by the labor shortage, through improvement in the organization and mechanization of labor and the installation of more productive machinery and equipment for production;

3) increasing service processing for export.

2. Construction

Article 11

1. In 1986, construction-installation work in the socialized economy should be increased by 3.5 percent, including a 3 percent increase in work performed by construction-installation enterprises, while simultaneously reducing the materials-intensiveness of construction production by 2.5-3.0 percent with respect to materials covered by the central budget.

2. The basic task in production is:

- 1) ensuring an improvement in the efficiency and quality of the work;
- 2) developing the operational potential of specialist enterprises, mainly engineering, installation, and repair ones, and also creating and developing small state, cooperative, and craft construction enterprises;
- 3) more widely adopting energy-conserving and materials-conserving design and operational solutions, with particular consideration of solutions ensuring a reduction in heat losses;
- 4) fully instituting standards for the consumption of production factors, and detailed cost accounting;
- 5) increasing effective exports of construction services.

3. Food Industry

Article 12

The basic task in the area of the food industry, in accordance with the resolution of the joint 11th Plenum of the PZPR Central Committee and the NK ZSL, is making further progress in achieving food self-sufficiency, i.e. improving the satisfaction of the food needs of the population, while reducing the negative balance of the growing foreign turnover with food and agricultural products, which should be accomplished mainly by:

- 1) ensuring conditions favoring an increase in agricultural production, including ensuring the profitability of agricultural production and the parity of the incomes of the agricultural population with those of the nonagricultural population under conditions of efficient production;
- 2) limiting losses of agricultural products, and accelerating the development of the base for the storage and processing of agricultural products.

Article 13

1. It is necessary to create conditions that favor achieving the following in 1986:

- 1) crop production that is at least 100-103 percent of the production achieved in 1985;
- 2) livestock production that is at least 102.4 percent of the production achieved in 1985.

2. In order to complete the tasks discussed in paragraph 1, it is essential:

- 1) to increase deliveries of mineral fertilizers with a pure NPK composition to the amount of 3,560,000 tons, and deliveries of calcium fertilizers to the amount of 2,980,000 tons, on the proper schedule;

- 2) to increase deliveries of pesticides in active form to the amount of 12,500,000 tons, on the proper schedule;
- 3) to ensure the reclamation of 110-120 thousand hectares of arable land, including 85-93 thousand hectares of new drainage; for this purpose, the government order for the construction of water equipment for land reclamation is being kept;
- 4) to achieve a further increase in the proportion of intensive grains in the structure of the crops, especially wheat, barley, and triticale, and in the proportion of sugar beets;
- 5) to achieve an improvement in the balance of fodder protein by increasing domestic production of leguminous crops;
- 6) to adapt the directions of the development of cultivation and sowing work to the desired changes in the structure of crops, while giving consideration to the improvement of the qualitative characteristics of plant products corresponding to processing requirements;
- 7) to extend to an acreage of not less than 800,000 hectares the application of the technology for the comprehensive chemical protection of grains, especially wheat and barley, in proportion to the increase in deliveries of tractor sprayers;
- 8) to provide agriculture with machinery, tractors, and equipment in an amount 5.5 percent larger than in 1985, and spare parts in an amount 11.8 percent larger, on the proper schedule;
- 9) to expand the scope of the modernization conducted in the electrical network in rural areas, and to achieve an improvement in the supply of water to villages and agriculture, in combination with the purification of sewage;
- 10) to increase deliveries of protein fodders from the state stocks to the amount of 4,700,000 tons;
- 11) to continue comprehensive activities aimed at improving the regional structure of farms, among other things by intensifying work on mergers and on regulating property relationships;
- 12) to intensify activities aimed at protecting land used for agriculture from unfavorable effects from industry, and from appropriation for nonagricultural purposes;
- 13) to increase deliveries of technological equipment, packaging materials, and packages for the food industry;
- 14) to ensure the further development of services, especially mechanization ones, for agriculture.

Article 14

In order to limit the most severe losses of agricultural products, it is necessary:

- 1) to increase deliveries of equipment for steps to protect crops, on the proper schedule;
- 2) to develop specialist chemical services;
- 3) to intensify activities aimed at reducing losses during the harvests, collection, and transportation of agricultural crops, and at developing the storage base;
- 4) to maintain the priorities in the development of production capacities and in the modernization of the milk, grain-milling and baking, fat, fish, refrigeration, potato processing, and fruit and vegetable industries;
- 5) to disseminate knowledge of efficient methods of harvesting and storing fodder.

4. Forestry

Article 15

1. In the area of forestry, the main effort should be concentrated on improvement of the sanitary state of forests, the efficient collection of wood raw materials, mainly through sanitary clearing, the performance of afforestation and reforestation, and the protection of forests against the harmful consequences of emissions of industrial gases and dusts.
2. The collection of wood should amount to a total of 23.8-24.8 million cubic meters, including between 12 and 15 million cubic meters from sanitary clearing, and afforestation and reforestation should cover an area of about 68 thousand hectares.
3. In order to improve the forest industry, it is necessary to strive for further modernization of the technical base for forestry, in order to permit an increase in the productivity of labor and an improvement in working conditions, and improvement and expansion of the road network, in order to make proper exploitation of the forests possible.

5. Transportation

Article 16

The basic task in the area of transportation is ensuring the transportation of freight in accordance with the growing socioeconomic needs, making fuller, more rational, and efficient use of rolling stock and transportation equipment, achieving conservation of fuel and energy, improving road services and the protection of freight, and in the area of the maritime economy, ensuring the transportation of Polish goods and maximizing foreign exchange income from the transportation of foreign freight, particularly transit freight.

Article 17

1. The performance of the tasks discussed in Article 16 should be achieved, among other things, through the following:

- 1) reducing the total materials-intensiveness of transportation services by 0.3 percent;
- 2) reducing the number of technically inefficient freight cars by 5.4 percent;
- 3) shortening the average turnover time for freight cars by 1 percent;
- 4) increasing the average capacity of a freight car by 0.9 percent;
- 5) gradual structural changes in the truck fleet, permitting a reduction in fuel consumption and an increase in the extent of this fleet's readiness for transportation;

2. In order to ensure the performance of the transportation tasks discussed in paragraph 1, it is particularly necessary to do the following:

- 1) ensure deliveries of rolling stock from domestic production and imports, in accordance with the operational program for railroad and highway public transportation;
- 2) perform periodic maintenance on 78,000 freight cars, replace the tracks on 2500 kilometers of railroads, replace 4,200,000 railroad ties, and electrify another 500-600 thousand kilometers of railroad lines, increasing the network of electrified railroad lines by 6.7 percent.
- 3) perform investment, modernization-investment, and repair work on a total of 2,800 kilometers of Polish roads, and modernize 3,800 meters of bridge installations along these roads.

6. Communications

Article 18

1. It is necessary to continue activities aimed at maintaining a high level of growth in the number of telephone subscribers, and also at improving the promptness of deliveries of postal parcels and the availability of postal services.

2. In particular, it is necessary to do the following:

- 1) connect at least 130,000 new subscribers to the telephone network, which means an increase of more than 5 percent in the number of people with telephones;
- 2) increasing the efficiency of the activities of the postal service, among other things by expanding and modernizing post offices.

3. Within the framework of the tasks defined in paragraph 2, it is necessary to strive to accelerate the pace of the development of telephone communications in rural areas.

Article 19

In the area of radio communications, it is necessary to aim in particular at improving the selection of television programs, and especially to expand the scope of program II, and at improving the selection of medium-wave and UHF radio programs.

7. Foreign Trade

Article 20

The basic task in the area of foreign trade is achieving a high level of exports, and also to increase their effectiveness.

Article 21

1. In accordance with the determinations made during the coordination of the multiyear socioeconomic plans with the member countries of the Council for Economic Mutual Assistance, exports to the states in payments area I should reach a value of about 10 billion rubles in 1986, imports from them 10.8 billion rubles, and the surplus of imports over exports, about 0.8 billion rubles.

2. A particularly high growth should be ensured in exports of products that are covered by agreements on long-term specialization and coproduction, and on research and development projects.

3. The value of exports to the USSR should reach 6.2 billion rubles, and the value of imports from it should reach 6.9 billion rubles.

4. In order to achieve the projected turnover in foreign trade with the member countries of CEMA, it is necessary to intensify cooperation through fuller utilization of such forms of it as the direct cooperation of enterprises, the creation of joint enterprises, the joint performance of investment undertakings, and closer economic cooperation in border areas.

Article 22

1. Exports to the states in payments area II should amount to at least \$6.3 billion.

2. The positive balance in trade turnover with the states in payments area II should amount to not less than \$1.5 billion, and the negative balance in trade in food products should not be more than \$0.1 billion.

Article 23

1. An allocation of \$2.4 billion is being made for imports of centrally budgeted goods from payments area II. (...)

8. Material-Technical Supply

Article 28

1. The supply of basic fuels, energy, and raw and other materials covered by the central budgets designated in annex no. 2 of the resolution should be increased as follows:

- 1) for supplying the country as a whole, 2.1 percent;
- 2) for production purposes, by 1.7 percent;
- 3) for supplying the market, by 3.3 percent;
- 4) for exports, by 0.8-2.3 percent.

2. By 31 March 1986, the chairman of the Planning Commission of the Council of Ministers, by agreement with the Minister of the Materials and Fuel Economy, will perform a verification of the central budgets for fuels and raw and other materials for the purpose of economizing on inventories that can be reassigned for additional exports to payments area II; the foreign exchange obtained in this way is to be allocated, among other things, for raising the foreign exchange limits set for performance of the tasks resulting from Council of Ministers resolution no. 36 of 22 March 1985 on the subject of improving the country's supply of products for forestry and intensifying exports of these products. (...)

Article 30

1. The basic condition for achieving the growth in material production and national income projected in the plan is achieving the planned improvement in the efficiency of the use of fuels, energy, and raw and other materials.

2. The parent agency of enterprises will undertake appropriate activities to ensure the performance of conservation tasks in the areas of fuels, energy, and raw and other materials, and to achieve economies of at least the extents cited in the plan, including particularly a 2 percent reduction in the materials-intensiveness of industrial production and a 2.5-3.0 percent reduction in the production of construction-installation enterprises, and a 3 percent reduction in the energy-intensiveness of industrial production; the government representative for conservation matters will ensure the coordination of these activities. (...)

Article 31

1. In order to balance the fuel and energy budget in 1986, the Minister of the Materials and Fuel Economy is to adjust the limits on the consumption of fuels and energy by consumers in the sphere of material production to the

economic conditions in 1986, so that consumption, in relation to what is projected for 1985, will not be greater than:

- 1) 97.4 percent for hard coal (deliveries);
- 2) 102.8 percent for electricity;
- 3) 110.4 percent for high-methane natural gas;
- 4) 100.0 percent for nitrified natural gas;
- 5) 96.4 percent for fuel oils.

2. Enterprises are to undertake activities to prepare for changes in the consumption of the energy sources cited in paragraph 1, based particularly on strengthening the technological system and undertaking conservation measures and other activities, so that the changes in the supply of the energy sources cited in paragraph 1 will not disrupt the process of the planned growth of production in 1986 and in the following years. (...)

9. Domestic Trade and Services

1. The basic task in the area of domestic trade is action to achieve a better balance in the domestic market, and an improvement in the level of trade service by:

- 1) increasing the supply of goods and services, and adapting its structure to the requirements of the market;
- 2) influencing demand and forming an economically frugal structure of consumption;
- 3) increasing inventories of goods at trade and service establishments, in order to make the serving of customers more efficient;
- 4) developing modern forms of marketing and the material-technical base in domestic trade and services, to an extent that is at least equivalent to the natural decrease in the base and the growth in the size of the population;
- 5) increasing the extent of the packaging of bulk food products;
- 6) improving the profitability of trade in food products, as a result of reducing one's own costs and increasing margins, both of which will make possible, among other things, a further reduction in the extent of central guidance of the market supply.

2. In order to ensure the proper conditions for the development of private housing construction and repairs to housing in the possession of the population, and in order to ensure the complete fulfillment of agreements on contracting for agricultural products, the proper bodies in the state administration will ensure full adherence to the decisions concerning:

- 1) the delivery of construction materials allocated for the market only to customers in the market;
- 2) the priority in receiving deliveries of coal that should be guaranteed for coal customers on the basis of the completion of food deliveries covered by a contract for agricultural products.

10. Science and Technology

Article 34

1. The activities in the area of the development of science and technology should ensure an improvement in business efficiency, a strengthening of economic equilibrium, better satisfaction of social needs, and a modernization of the economy.
2. The selection of undertakings in the field of science and technology should be subordinated to performing the tasks in regard to structural changes, surmounting development barriers, reducing the energy-intensiveness and materials-intensiveness of production, improving the quality of goods and modernizing them, and increasing the productivity of labor.
3. The central tasks in regard to the development of science and technology, which will be defined in the central programs for basic research, the central research and development programs, government orders, ministry programs for basic research, ministry research and development programs, and also the principles for financing them, should be subordinated to achieving the main socioeconomic goals of the plan.

Article 35

1. In order to create conditions for the development and introduction of scientific and technical progress in the national economy, outlays of 2.2 percent of the national income available for distribution will be allocated for research and development activity.
2. In order to ensure the financial resources for fulfillment of the central tasks with respect to the development of science and technology, the minister heading the Office of Scientific-Technical Progress and Innovations will prepare a draft law on the creation and principles for the management of the following:
 - 1) a central fund for research and development work;
 - 2) a central fund for promoting innovations.
3. The funds cited in paragraph 2 should be supplied with the following resources:
 - 1) from the fund for technical-economic progress, in the amount of 50 percent of the sums deducted at state enterprises;

2) those resulting from additional levies upon state enterprises at which a fund for technical-economic progress has been created and is a burden on production costs, in the amount of 0.5 percent of the value of the production sold by these enterprises, and which are transferred to the central fund for the promotion of innovations, or are used to supplement the central fund for research and development work;

3) from budget allocations.

4. The payments into the funds cited in paragraph 3 are transferred by the enterprises on a monthly basis.

5. The president of the Polish National Bank is advised to issue credits in 1986 for the fulfillment of government orders related to innovations.

6. The minister heading the Office of Scientific-Technical Progress and Innovations is authorized to use the resources of the central fund for promoting innovations, in the amount of 15 billion zlotys, for:

1) subsidies for units of the socialized economy for the purpose of the payment of part or all of the interest on the credits cited in paragraph 5;

2) granting loans to units of the socialized economy which do not meet the conditions for obtaining credits;

3) granting subsidies to cover part or all of the costs of innovation work ending with a negative result.

7. The sum of 153 billion zlotys will be allocated to finance research and development work within the framework of the central tasks with respect to the development of science and technology that were cited in article 34 paragraph 3; the distribution of these funds among the main recipients is to be made by the Presidium of the Committee for Science and Technical Progress of the Council of Ministers. (...)

Article 37

1. It is necessary to continue work on geological research, prospecting, and identifying mines, in order to ensure the conditions for the further development of the national economy. (...)

Section 4

Division of the National Income

1. Proportions of Distribution

1. In view of the planned growth in the national income produced, amounting to 3.1-3.4 percent, and the increase in the servicing of foreign debt assumed in the plan, it is estimated that the national income available for distribution can be increased in 1986 by at least 3 percent.

2. It is necessary to ensure the following proportions in the distribution of the national income:

- 1) consumption fund, 74.2 percent, including:
 - a) consumption from personal incomes, 61.9 percent;
 - b) other consumption, 12.3 percent;
- 2) capital formation fund, 25.8 percent, including:
 - a) net investment outlays, 18.6 percent;
 - b) increase in stocks and reserves, 7.2 percent.

2. Investments

Article 39

1. Investment outlays in the national economy should be increased by 4.2 percent, i.e., to 2,550 billion zlotys in 1986 prices.

2. Within the framework of the total amount of investment outlays in the national economy, the structure and growth rate of investment outlays, divided among the basic decision-making levels, should be as follows:

total outlays: structure 100 percent, growth rate 104.2 percent, including (respectively):

- 1) central investments, 10.0 and 106.8 percent;
- 2) investments by budget units, 4.7 and 102.3 percent;
- 3) investments by local authorities, 10.5 and 103.2 percent;
- 4) investments by state and cooperative enterprises, 50.8 and 104.3 percent;
- 5) investments in the nonsocialized economy, 18.9 and 104.4 percent.

Article 40

1. Within the general limits of the amounts of the investment outlays cited in article 39, it is necessary to ensure a more rapid increase in outlays for the sphere of material production, i.e., a total of 4.7 percent, including 4.3 percent for industry and 5 percent for agriculture.

2. In order to accelerate the modernization of production assets and increase the effectiveness of investment outlays, it is necessary to ensure a more rapid rate of growth in the socialized economy's outlays for the purchase of machinery and equipment, which should amount to about 6.1 percent, while simultaneously limiting the growth rate of outlays for construction-installation work to at most 2.7 percent.

3. Investment outlays in the sphere of social consumption should be increased by about 3.1 percent, including 4.5 percent for the housing economy and 4 percent for education and upbringing. (...)

Section 5

Final Regulations

Article 60

The annexes of the resolution cited in article 1 paragraph 1 are as follows:

- 1) annex no. 1 -- Basic Indicators
- 2) annex no. 2 -- Material Supply
- 3) annex no. 3 -- Instruments for Guiding Fulfillment of the Plan
- 4) annex no. 4 -- Information-Predictive Indicators. (...)

Article 63

The Minister of Labor, Wages, and Social Affairs, after consulting with the Nationwide Agreement of Trade Unions, will present to the Council of Ministers a list of the work institutions of basic importance for the national economy or the defense of the country, or public services, in which it is possible to use an increased working time of up to 8 hours per day and 46 hours per week, as described in article 33 paragraph 2 point 2 of the 26 February 1982 law on socioeconomic planning, along with a draft for a corresponding decree by the Council of Ministers. (...)

Article 65

1. In accordance with article 19 of the 26 February 1982 law on socioeconomic planning, state enterprises and other units of the socialized economy will provide the Planning Commission of the Council of Ministers and their parent agencies with a report on selected elements of their own plans, in the manner, time, and scope established by the chairman of the Planning Commission of the Council of Ministers.

2. The units cited in paragraph 1 will send corresponding reports on their plans:

- 1) to the proper local fiscal chambers and offices;
- 2) to the local bodies of the state administration at the provincial level, in regard to goals that have a fundamental effect upon the socioeconomic development of the province and the natural environment, and in regard to investments. (...)

Article 73

The resolution goes into effect on the day of its adoption.

9909

CSO: 2600/215

OBSTACLES TO HIGHER AUTO EXPORTS ANALYZED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 2 Feb 86 pp 16-18

[Article by Dusan Sekulic: "To What Extent is the 'Yugo' Yugoslav?"]

[Text] Improbable as it may seem, the impression prevails that Americans have been more energetic and more coordinated than Yugoslavs in the "business of the century," the sale of our Yugo automobile in the United States, at least to judge by what has been heard and seen so far. Of course, the huge slogans on the walls of the Zastava factory, reflecting pride but also the seriousness of this undertaking, seem neither disgusting nor propagandistic, despite their archaic quality; they are a sign that Zastava workers and all Kragujevac are living for this business of the century and will long continue to do so. Still, all of this is difficult to compare with organizational arrangements and publicity on the other side of the Atlantic.

In the meantime, the present U.S. ambassador seems to be continuing the tradition begun by his predecessor Eagleburger. Ambassador Scanlan recently visited the May 21st engine works, which was no accident in view of the embassy's plain interest in the fate of the Yugo: Two automobiles from Kragujevac stand parked in front of the embassy in Belgrade, one of which belongs to the ambassador's sons. It is an open secret that the whole business between Zastava and Americans was initiated directly by Laurence Eagleburger, who even invested his own capital in "Jugo-Amerika." No one is likely to admit nowadays, but probably no one would have thought seriously about selling cars to Americans in the absence of the American offer; until recently, something on this order would have been thought to be like trying to sell sand to Arabs.

Troubles on the Horizon

The Americans were guided, obviously, by two motivations. The first is surely the possibility of profit, the second their awareness that their debt can be repaid only if we can earn dollars. In this context, we should not lose sight of the fact that our "business of the century," even when the annual export level reaches the improbable figure of 150,000 cars to the U.S. market, will not represent anything particularly large scale in American terms. The U.S. market absorbs more than 10 million new cars annually.

Several more trials await the Zastava works on the way to that goal. Only token quantities have been sent to the U.S. market so far, yet 60,000 cars are supposed to be shipped there in 1986.

Zastava exports totaled 43,000 cars in the record year of 1985, yet 100,000 are supposed to be shipped to foreign markets in 1986, 60 percent of them to the United States. Of course, the Americans themselves asked for 120,000. Extraordinary advertising and the attractive price of the "young fellow from Kragujevac" have generated tremendous demand in the United States, as witness the survey that showed that the Yugo is among the 10 most-wanted items on the huge U.S. market. Waiting in line for a car, not a particularly durable consumer good there, is an uncommon phenomenon. To be sure, people will wait a while for exclusive European models such as Mercedes, Porsche, or BMW. People are still willing to wait for the Yugo, but no one has any illusion that the waiting can be prolonged, regardless of the "hit" status of the Yugo. Zastava has simply been incapable of undertaking the obligation to ship more than 60,000 cars in 1986. The force does not exist that can explain to Americans why sought-after merchandise cannot be manufactured in the quantity demanded by the market.

While these peculiar negotiations between the Kragujevac people and the Americans were proceeding outside public view, they seeking to buy and we persuading them not to ask for more, Yugoslavia got excited just before New Year's over the unique scandal deriving from the relations between "Crvena zastava" and IMV of Novo Mesto. The whole business was soon the subject of serious political discussions among the republics and at federal level. Many important details are still in the dark at this moment, but Zastava seems to have sought an opportunity for cooperation with IMV to be able to meet American demands for the "business of the century," since the factory in Novo Mesto is running terrific losses. The Slovenes responded to this initiative by announcing their negotiations with the Japanese about manufacturing a vehicle jointly! What is truly happening in the Kragujevac-Novo Mesto-Tokyo axis remains unknown, as does the outcome. A kind of embargo is in effect, but the rumor has spread that nothing has come of the Japanese connection. At the same time, Zastava is obviously not counting on cooperating with the Slovenes.

The Americans, realizing that Zastava capacities are indeed limited, made the most logical move: They offered to invest money in new manufacturing facilities for the Yugo. They undoubtedly put the same question to the Kragujevac people as we did: Why should that investment not be sufficient to manufacture right away as many cars as the market can absorb? The answer from Kragujevac is that we accept only what we can guarantee to produce, provided that the factory remains ours.

Dollar Per Hour

In the meantime, Yugoslavia has begun keeping track of Americans as well. Once the sobering realization occurred in January in relation to utterly unconfirmed hopes that new regulations on foreign trade and foreign exchange would provide everyone with adequate foreign exchange despite the old mode of

work, the fact became increasingly obvious that Yugoslavia lacks true products for the world market other than Elan skis and the Yugo. Awareness of what the Yugo signifies is now reflected in the efforts of coordinating agencies to keep track of exports to the United States, in a number of republics but not at federal level. A consortium of 34 banks is being established to finance the construction of new export facilities. At the Zastava works, one notices immediately that the new business has been understood and accepted very seriously. People are selected most carefully for the Yugo assembly line, although factory officials energetically deny rumors of "special treatment for cars for the American market" to the detriment of production for the domestic market, as well as a rumor that assembly workers are even subject to a police check. Fairy tales about the American company representative living in an "ethnic house" in Kragujevac, once prepared for other purposes, with pay in excess of the equivalent of 2 million dinars, are further evidence that nothing happens in our country without folklore. Otherwise, the Americans who have been writing a lot about the Yugo, and in that context about Yugoslavia, never refrain from mentioning that the Yugo is manufactured by people paid a dollar an hour, while a U.S. worker in a comparable position earns \$15 an hour. Director Slavoljub Vasic of the auto factory recently tried to explain to a U.S. television interviewer that a simple comparison of the charge per hour distorts the picture. Whether this explanation will be broadcast is another question, but the fact remains that Kragujevac workers' pay serves the same purpose to Americans as our complaints that they persecute blacks does to us. And with the same effect: The demand for the "first communist car" in the United States is insatiable for the moment.

/6091

CSO: 2800/190

LOCAL ADMINISTRATION OF AGRICULTURE SEEN INCREASING

Potsdam STAAT UND RECHT in German Vol 35 No 2, Feb 86 pp 119-127

[Article by Prof Dr Rolf Steding, of the GDR Academy of Political Science and Jurisprudence: "On the Responsibility of Local State Organs for the Comprehensive Intensification of Agriculture"]

[Text] In preparing the way for the 11th SED party congress, Erich Honecker stated that "the GDR has all the makings of maintaining--so as not to say, sharply accelerating--its high rate of economic growth in the future...The most important thing is to assure this economic growth in the future by means of comprehensive intensification."¹ In order to make sure that these wide-ranging goals are met our legislation has increasingly been focused on the implementation of the economic intensification plans of the SED. One such piece of legislation is the law dealing with the responsibilities of the local administrations, dated 4 July 1985, [GöV],² the essential purpose of which is "to increase the contribution made by the local administrations to the implementation of the new stage of the economic strategy."³

One important aspect of the GöV consists in raising the responsibility of the local administrations for the intensification of agriculture. This is reflected in particular in Article 3 of the said law which requires the local administrations to implement comprehensive intensification as part of the economic strategy in their area of responsibility and to tap into all local resources for the purpose of developing economic efficiency as well as to assure the supply of foodstuffs to the population and raw materials to industry (based on planning goals) by means of steady growth in agricultural output and efficiency.

The qualitative aspects of the GöV have a particular impact on the possibilities for active input by the local authorities into the economic intensification process and make it plain that "high priority must be given to all elements of the implementation of the economic strategy by all local authorities--ranging from the acceleration of scientific-technological progress to the full and effective use of the labor potential."⁴ This applies in particular to agriculture which is one the crucial areas of the national economy the central government's direction of which is in large measure funneled through the local administrations. It therefore stands to reason

that the new law not only took over a good many tried-and-true regulations of the past but also opened up new avenues to the local authorities in some instances to play their part in the intensification of agriculture.

A New Type of Intensification in Agriculture--Greater Demands PLaced on Government Direction

The new GÖV law reflects the new quality of intensively expanded economic reproduction. In agriculture, it calls for the development of a new intensification scheme which focuses on saving funds and resources. This is a multifarious process "which proceeds gradually and will take some time. The magnitude of this process becomes apparent, among other things, when one considers that the economic transformation must be accelerated as part of intensively expanded reproduction and must be implemented with a high degree of stability even while the required output levels are maintained."⁵ This also has certain consequences for the government direction of agriculture. The aim will be to bring the activities of the government authorities responsible for agriculture in line with this new type of intensification and its ramifications. The new law represents an important step in this direction.

Albeit in different ways, the GÖV has focused the attention of all local socialist authorities on the development of comprehensive intensification in agriculture. Article 29 of the law calls on the district councils to implement the complex development of natural and economic production conditions, the implementation of scientific-technological progress and the planned and proportional development of plant and animal production. Article 47 instructs the Kreis councils to concentrate on the increasingly complete development of territorial resources, on the complex mobilization of qualitative growth aspects and the efficient use of arable land. Article 70 of the law instructs the community councils to concentrate on the organization and use of local resources in order to develop high-efficiency plant and animal production.

The law calls on the local authorities to concentrate on economics to a far greater extent than heretofore and to make them the focus and guiding principle of their agricultural activities. What this means in particular is that they should pay increased attention to the need for economic efficiency in the agricultural reproduction process, e.g. that they could contribute greatly to the comprehensive development of resources conducive to lowering costs such as the implementation of territorial production organizations; the further intensification of cooperative arrangements or the optimization of all types of transportation facilities. The law calls on them not only to require cost estimates from the agricultural producers themselves but also from the local government authorities as part of the decision-making process and to justify government decisions from the economic point of view so that they filter down to the LPG's, the VEG's and their cooperative partners and there will be no need for administrative "intervention" to have them implemented.

One important aspect of the role to be played in the direction of the agricultural intensification process by the local authorities consists in their taking into consideration that while the general rules applying to intensively expanded reproduction do remain in force, they will also have to observe the objectively conditioned specifics of their operation in the field of agriculture. "These peculiarities are based on the fact that the forces of nature and their increasingly better utilization are and will continue to be a major factor in agricultural output."⁶ The local authorities are therefore called upon "to view the agricultural reproduction process to an even greater extent as an insolubly linked labor and natural process."⁷ This also means that factors such as yield risk, degree of socialization and campaign work and their impact on agricultural intensification must be taken into consideration and better understood.

The responsibility of the local authorities for agricultural intensification also focuses on the factors on whose development the process must concentrate. Since our agriculture is cooperatively organized for the most part, the local authorities must assign priority attention "the increasingly effective use of all the resources inherent in cooperative property."⁸ This is reflected in the conceptual agreement of the new law with the provisions of the LPG law of 2 July 1982. Thus, Article 3 of the LPG law which assigns overall responsibility for the development of the LPG's to the socialist state is spelled out and specifically assigned to the local authorities in Articles 3, 29, 47 and 70 of the new legislation.

Development of Cooperative Arrangements--An Important Aspect of Government Activity

The intensification of cooperative arrangements is part of the conditions under which agricultural intensification is taking place in the GDR. The local authorities have a major role to play in their development as a part of their direction of agricultural activities. Through their actions, they must create the necessary conditions for the development of cooperative undertakings. This applies in particular to the government authorities at the Kreis level which will make use of all means of government activity to achieve this goal--drawing up long-range plans for the development of agriculture in their area, using this as a tool "for overall, long-term intensification;"¹⁰ drawing up plans for the proportional development of plant and animal production as well as outlining and directing the activities of the cooperatives and their members.

For this reason the law states that the Kreis parliament and its council shall, among other things, promote the continued intensification of the cooperative relations of the LPG's and VEG's; manage the cooperation among all the cooperatives, production facilities and institutions engaged in the uniform agricultural reproduction process in the Kreis and make the uniform agricultural reproduction process more efficient. This is spelled out in Article 47 of the GÖV. In contrast to the law of 12 July 1973¹¹ this provision of the new law upgrades cooperation to the level of a major

aspect of governmental activity. But this does not alter fact that the LPG's and VEG's continue to figure as the basic units of agricultural production and that they must be strengthened through the intensification of cooperative relationships in their legal independence and economic autonomy.

Primarily, the local authorities' responsibilities for the development of the cooperative relationships of the LPG's and VEG's consists in creating the conditions for the development of effective cooperative relationships and providing good advice to the cooperation councils. But the problem is how to assign government organizational control to the LPG's and VEG's in every instance because, as Erich Honecker said at the 10th session of the SED central committee, "it has worked out well that the LPG's and VEG's were further strengthened and that they intensified their cooperative relations to mutual advantage. The stability of the LPG's and VEG's as well as their increased legal and economic autonomy have had a favorable impact on continued intensification."¹² This aspect is of conceptual significance for the activities of the local authorities which are directed toward the development of cooperative relations of the LPG's and VEG's.

To a large extent, the effectiveness of the intensification process in agriculture depends on the degree of success in developing effective cooperative relations by the LPG's and VEG's. This is one reason why active participation in the establishment of cooperative relations by the local authorities is an important key to the direction of the intensification process in agriculture. This applies in particular to assigning the appropriate ratios to plant and animal production; to the implementation of scientific-technological progress and the centralization of specific managerial functions within the context of cooperative undertakings as well as to the skill of the cooperation councils in establishing relatively closed circuits of intensively expanded reproduction even while preserving the independent legal status and economic autonomy of the LPG's and VEG's.

Experience has shown that these programs will succeed best of all when the cooperation councils are given a large measure of support; when they are given a role to play in analysis and conceptual planning; when the councils are under the operational control of the authorities; when there is competition among those involved in the cooperative venture and when government functionaries are given the job of providing instruction to the councils. Another indispensable factor for the success of overall intensification in agriculture is state planning at the Kreis level to assure balanced development of cooperative undertakings. The new (GöV) law virtually prescribes this type of operation-oriented control function on the part of the local authorities.

New Responsibilities of Government in Controlling Scientific-Technological Progress

At its 11th meeting in November 1985, the SED central committee took note of the fact that "the move toward comprehensive intensification has now been completed...in agriculture, too. The utilization of qualitative growth factors has become a determinant in the intensification process."¹³ This makes it necessary to assign higher priority to and to increase utilization of science and technology in agriculture. This is reflected in specific ways in Articles 3, 4, 29 and 47 of the new law which call on the local authorities (particularly at the district and Kreis level) to step up their efforts aimed at implementing scientific-technological progress in agriculture. The law therefore calls on the local authorities to assign a higher priority to this primary factor of the intensification process, which is of crucial importance for the solution of all other problems.

Evidence of the importance of this factor is the fact that given the present state of intensification any further rise in agricultural production can only come about as a result of the utilization of key technologies such as microelectronics, genetic engineering, biological process control or biotechnology. "These key technologies," said W. Felfe, "guarantee better utilization of biological growth factors...The success of comprehensive intensification in agriculture will depend to a large extent on how quickly we adjust to this state of affairs during the next few years."¹⁴ This means that ways will have to be found to penetrate the circulation of nature with science and technology to an heretofore unheard-of extent.

Comprehensive utilization of scientific-technological progress in agriculture calls for specific scientific-technological solutions because of the close interrelationship between the economic and the biological reproduction process peculiar to agriculture as well as for a particularly close connection between science and production and a particular type of government direction. In contrast to industry, a new scientific finding in agriculture or a technological program or innovation can be applied a thousand times over, e.g. in all the LPG's and VEG's engaged in similar production programs. This calls on the local authorities in agriculture to step up their efforts to implement scientific-technological progress and to generalize the expertise acquired in the process.

One other difference to industry--where the combines have their own research and development programs--is that agriculture can call on its specialized research institutions, e.g. the academies of agricultural science with their affiliated institutes and facilities, specialized universities and technical schools and the scientific-technological centers operated by the district councils. Since the establishment of close ties between science and production is indispensable, the local

authorities have a special responsibility for organizing and coordinating these activities. This includes the implementation of scientific-technological program planning down to the LPG and VEG level; the enhancement of the activities of the scientific-technological centers with regard to the support of management procedures aimed at translating scientific-technological progress into production processes and the generalization of advanced techniques in their application in science and technology by drawing on consulting organizations and demonstration projects.

To be sure, the local authorities have only a limited role to play in the effective implementation of the science-technology-production cycle because some of the major contacts in this process are handled directly by scientific institutions and agricultural organizations. Nonetheless, the possibilities open to the local authorities (also with the help of the new legislation) are quite varied and have by no means been fully exhausted in every instance. We might mention, among other things, the possibility to provide guidance to the LPG's and VEG's in the matter of drawing up and implementing optimization programs in forestry and livestock management; in setting norms and production goals in the planning process; in providing for the general application of innovative plant and animal production methods; in organizing the introduction of indigenously conceived rationalization programs or in introducing commensurate socialist management practices.

State Activities, Comprehensive Intensification and Socialist Management Practices

The general implementation of comprehensive intensification in agriculture calls for management practices which will help to organize the direction, planning, operation as well as the incentive programs and accounting procedures of the LPG's and VEG's, of their departments, brigades and co-operation partners "in an optimized fashion along the lines of the inter-related disciplines of, natural science, technology, labor economics, economics and sociology."¹⁵ To be sure, this difficult task is the responsibility of science and the LPG's and VEG's in the first instance; but the local authorities are included in this process in a variety of ways. For one thing, they are charged with creating the necessary conditions for the utilization of socialist management practices in agriculture and for another with putting advanced methods aimed at its effective implementation into general practice.

A number of provisions included in the new law (e.g. Articles 29 and 47) clearly define the responsibilities of the local authorities for the implementation of socialist management methods in the LPG's and VEG's and in their cooperative undertakings. Let us merely call attention to the responsibility of the local authorities to see to the complex implementation of qualitative growth factors in the intensification of agricultural production and to support the LPG's, VEG's and the cooperative councils in the efficient management of plant and animal production. This goal can

only be attained, if the local authorities assist the LPG's and VEG's in adopting such managerial methods which will help guarantee genuine economic development.

The job of successfully applying socialist management practices in agriculture in the interests of comprehensive intensification (with the support of the local authorities) calls for the establishment of certain priorities. In drawing up plans for agricultural production; in applying the performance principle in the LPG's and VEG's and in organizing agricultural work in general, it will be necessary to introduce those types of management practices with government support which will set free certain dynamics of socialist management and will enable the LPG's and VEG's, depending on their particular economic and natural parameters, to achieve high agricultural yields while maintaining a favorable cost effectiveness ratio. In this regard, the local authorities can definitely help tap into major resources.

Due to the fact that the LPG's are the primary agricultural producers in the GDR, the local authorities need to focus their attention on them and must (in accordance with Article 3 of the LPG law) support their economic development in special ways so as to mobilize the potential of the cooperative ownership of the means of production. Government operations must assign the necessary priority to management issues such as the enhancement of the LPG's independent responsibilities and the relationship between their economic development and the social development of the villages. "In the future, however," as H. Semmelmann has said, "more attention will also have to be paid to the more efficient use and continued development of the cooperative distribution methods."¹⁶

It is especially important for the local authorities to play a role in the application and proper conduct of socialist management procedures with regard to the reciprocal relationships involved in intensified cooperation. On the one hand, successful cooperation among all the partners in such an undertaking calls for designing the reproduction process engaged in by each of them in such a manner that the joint ventures are accomplished with the greatest efficiency. On the other hand, effective cooperation calls for great and continued stability of all partners. Socialist management practices are therefore a requirement and condition of success in cooperative undertakings.¹⁷ Taking this aspect of the control function into consideration may make some decisions more difficult for the local authorities but it also makes it possible for them to participate in efforts to overcome unjustified differentiation among various agricultural operations, which may be termed an important facet of the intensification process of agricultural production.

Cooperation Between Government and Agriculture in Territorial Rationalization

There is a specifically territorial aspect to the intensification of socialist agriculture. This aspect is incomparably more important for agriculture than it is for industry because agriculture is far more closely tied to the territorial reproduction process. The reasons for this are the explicitly localized nature of agricultural production in addition to its dependence on natural and seasonal factors. Another important consideration is that agriculture is largely organized along cooperative lines. These aspects are reflected in the language of the GÖV which states that territorial rationalization in agriculture (as anywhere else) "must be utilized to an even greater extent in order to accelerate the intensification process; to exploit territorial resources and to continue to improve the living and working conditions of the population in accordance with the plans."¹⁸

If the development of agricultural production is to be crowned with success, it must draw on the varied resources and the potential of the territory. The soil--as the locale of production in agriculture and its most important means of production--plays a dominant role in this regard. We might also take note of various other factors such as water, energy and the availability of labor, particularly during peak seasons. But the road system and the availability of housing and health care also are important factors which can contribute to success in agricultural production.

The territorial aspect of agricultural production is also reflected in the fact that its development is tied insolubly to the improvement of rural living and working conditions. These play a part in production, too, in that they have an immediate, stimulating impact on the intensification of agricultural production. At the same time--and this is particularly important--the improvement of living and working conditions in the villages create favorable conditions for the success of the LPG's and the indispensable reproduction of the cooperative farmer class, since the children of these farmers will only remain true to the villages and the LPG's if acceptable living and working conditions are provided in the countryside.

The best way to make effective use of territorial resources and labor in the agricultural intensification process is to institute territorial rationalization. It opens up possibilities for better management of agricultural production and greater efficiency as well as for improved living and working conditions which could not be achieved by the individual LPG's, VEG's or local authorities acting alone. This is why Articles 4, 39 and 63 of the new law (in conformance with Article 4, Paragraph 3 of the LPG law) call on the LPG's to cooperate closely with the local authorities in finding ways of making even more effective use of the options presented by territorial rationalization.

Experience has taught us that genuine progress in agriculture can only be achieved through the joint efforts of the agricultural organizations and the government agencies in the territory on the basis of the plan and the concerted utilization of available funds, labor and machinery. The key to territorial rationalization is the even greater development of socialist cooperation between the local government and the agricultural organizations in the territory. On the basis of joint economic interests, this cooperation must be organized according to plan. This can be done, among other things, by making use of the appropriate legal instruments, e.g. the signing of communal contracts as per Article 63 of the GÖV which permit the LPG's and VEG's to play a positive role alongside the government authorities in the intensification process.

FOOTNOTES

1. 10th meeting of the SED central committee. "To Prepare the Way for the 11th SED Party Congress"--Address by Erich Honecker. [Berlin, 1985], p. 30.
2. Gesetzblatt [GDR Legal Gazette] I, p. 213.
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9478

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POLITICS

HUNGARY

RENYI DESCRIBES REGIME POLICIES AS DAMAGE LIMITING

Vienna EUROPAEISCHE RUNDSCHAU in German No 4, 1985 pp 19-29

[Article by Peter Renyi, member of MSZMP Central Committee and acting editor-in-chief of NEPSZABADSAG: "Hungary Without Myths"]

[Text] Praise and recognition--is there anyone not interested in receiving either? Present-day Hungary is no exception--and what is referred to as a "good press" is not really an exaggeration in this case. The reports do contain skeptical and critical remarks and lots of question marks which in many instances are based on statements in the Hungarian press which does not hold back at all when it comes to discussing our problems. Nonetheless, there are some Western observers who consider the amount of good will shown us to be indefensible and who believe that these are very, very evil deceptive maneuvers which must be resolutely combated. The psychology of this over-reaction, which something borders on the comical; the posturing of some literary figures in particular is quite remarkable and, as I will attempt to show below, also quite revealing.

This is not to say that there are no literary parallels--going back to the "Odyssey," the Tannhaeuser legend and Goethe's "Faust II" and Mario's magician. It is an age-old theme: the hero's desperate fight for freedom against the forces of deception, against the mysterious powers of persuasion. It is not naked force which must be overcome in this instance because the struggle is taking place on a spiritual level. But there is just as much of a need for courage, will power, steadfastness, and even great skill. The enemy is just as dangerous--in fact very much so--even if his weapons are nothing but subterfuge, confusion, deception, and diabolical duplicity. It is a struggle for the dignity of man; a life-and-death struggle.

He who loses in this fight dies as an individual and turns into an inanimate tool, a slave or a puppet. Once misled, he can be turned into just about anything: into a swine, as those bewitched by Circe did or into a ridiculous puppet as the gentleman from Rome bewitched by Cipolla did. Never fear: of all the tests faced by the hero, this is not among the simplest ones. And for another thing: the subject is very, very topical.

We are living in an era which is being called the age of manipulation with some justification. The magicians and demons of the old and new fairytales have turned into sectors of industry and huge institutional complexes and the appropriate scientific disciplines have sprung up as a consequence. And the bewitched and simple-minded are not mere isolated individuals either; their number has increased to the hundreds of millions! This is all the more reason to cite an example; to demonstrate the heroic struggle; to pay homage to the individual who must contend with these obscure forces or who ought to contend with them in order to retain his humanity.

The only thing that makes one wonder--and wonder a lot--is that these people simply cannot resist the lure of our little country for anything in the world.

An Image of Mystification

What is it that is so bewitching and so fascinating about our modest little country? What are the origins of this eccentric or--one is almost tempted to say--mystified image of Hungary?

Come to think of it, it is not so difficult to explain. Like a good many others, this particular phantom image, too, is based on a denial of reality with which one cannot quite cope. Caught up in blind resentment from the start and in traditional prejudices in the face of a reality which simply will not fit one's preconceived notions, one desperately looks for meaningful explanations, e.g., in diabolical deception, in unheard-of flights of witchcraft which one then proceeds to mystify and to blow up to enormous proportions.

One other thing: these false interpretations had their origins decades ago. Even then there appeared commentaries in the Western press which tried to explain the Hungarian experiment by pointing to Janos Kadar's particular duplicity and diabolical cunning which he was allegedly using to play the Kremlin for a fool. But the theme recurred later as well in all kinds of variations--which also included references to domestic policy. Bourgeois publications and ideology did take note of the remarkable transformation of the Hungarian story--from the suppression of the 1956 revolt, the signal of the return of a cruel communist dictatorship, to the image of the most liberal and magnanimous socialist country most concerned about civil rights relatively speaking and most daring in its reform policies--but they never really accepted it as a fact. Time and again, there have been attempts to characterize the situation either as provisional, endangered by all kinds of internal and external forces of a "Stalinist" restoration or as a miracle impossible to explain by rational, historical means; as the individual achievement of some magician who had already become a living legend.

Now the peculiar situation of Hungary not only prompted right-wing radicals and conservative proponents of the traditional bourgeois system to argue that no other social system but the capitalist one was capable of survival or success; left-wing radicals, too, tended to view Hungary as a challenge because it did not fit into their abstract world view that actually existing

socialism would look for new paths. They felt that their own intellectual and political position would come into question. Their view of socialism could only produce a sterile, ideal society based on pure theory. They wanted no part of compromises, intermediate solutions, transitional stages or ad hoc solutions and as far as bad experiences with voluntarist attitudes were concerned, they had never heard of any.

How could this dictatorship of apparatchiks succeed in gaining all sorts of good will--that was an unheard-of scandal! There had to be something fishy about it; this evil would have to be cured with an even worse one. Only by viewing things in this light can one explain the fact that there are left-wing radical critics even today who are just as harsh in their assessment as the emigres of the far right!*

The upshot of this is that one major component of the image of Hungary in the West--no matter whether it is enthusiastic or wildly critical--is the fundamentally erroneous conception of the nature and the possibilities of socialism in general. Against the background of a negative view of the system itself the assessment of many of its manifestations tends to change in all sorts of strange ways. Achievements which are quite normal and more or less self-evident, practical solutions, unprejudiced analyses and well thought-out experiments--just plain common sense, as the English say--take on almost mystical proportions. And why? Because one believes that such things are not possible in a socialist society; because one cannot rid oneself of the age-old prejudices, from the thought patterns of an antiquated anti-communism (which Thomas Mann used to call the "ultimate folly of our time"). That is why everything which does not fit into this pattern is wildly exaggerated.

Thus, for example, any experiments which--to put it briefly--pick up the thread of Lenin's plans in the early twenties (ranging from the NEP to economic concessions and cooperation with the developed capitalist nations) are touted as evidence of a return to private enterprise and either celebrated as courageous efforts to do the right thing or condemned as treachery to the high ideals of socialism. Either position can be underscored by the existence of a "red bourgeoisie," a group of functionaries intent on usurping power, a privileged class of exploiters and rulers....

As soon as these misleading "standards" disappear, all of these myths become meaningless. In a different context, as he spoke out against exaggerated domestic expectations, Janos Kadar had this to say at the last party congress:

Here in this congress hall all the classes, all the levels of the working population, perhaps even all the professions are represented: workers, farmers, intellectuals, white-collar workers, scientists, artists, writers, journalists, transportation workers, members of the commercial establishment, members of the armed forces, and sports figures. But there are no

*Cf. the "ideologically tinted" reportage of Hans-Magnus Enzensberger in DIE ZEIT, 3 May 1985 entitled "Hungarian Troubles."

magicians or miracle workers among us. For this reason, none of the approximately 1,000 people gathered here should expect miracles to happen within the next 4 days. As for me, I believe that our congress will honestly fulfill the reasonable expectations of the party membership and the working population. It will conduct a thorough and open debate of the work of the past 5 years; it will give a responsible, serious accounting of the circumstances with which we are dealing, and will draw up a meaningful agenda for the future to guide the activities of our party and our people which is actively building socialism. I am fully convinced that this congress will acquit itself of this task and I wish all the delegates success in this endeavor.

A Pact With the Devil?

It is quite true: there are no magicians or miracle workers among us and we do not possess any diabolical skills either. But we may say with some justification and hope that Hungary started out on the road to reform at a relatively early date and for extremely cogent reasons. Under the circumstances, it has been constantly moving since--with the direction of the trend being particularly constant, i.e., to effect reforms as a means of adjusting to reality in order to make the social system more efficient and solid in every way; to approach the unshakable ideals of socialism, and to transform them into reality. In this respect, too, it makes all the sense in the world to speak of an irreversible trend--which we look upon as an historical and an historically necessary achievement.

Given all this, no sane person will deny that we are presently faced with real but not terribly serious problems in connection with the methodology of material incentives. There is no danger that the incomes of particular groups will get out of control; but the material gains of some might cause social problems to arise which could shake the confidence in the justness of the system for a time. If one wants to be malicious about it, one could say that this problem is an indication of corruption within the system; of privileges fraudulently obtained by management and/or the establishment at the expense of the little people. There is no denying that some groups have been left behind in relatively large numbers--above all those who are unable to augment their income from other sources, e.g., retirees, young married couples with children, and other disadvantaged persons.

What are the real reasons behind this? One could say that they are almost exactly the opposite. The political and state leadership did not liberalize entrepreneurship in the small trades, in the so-called small commercial establishments and work associations and so on all at once but with some concern and reservation about this hard-to-control area of activity and yet with the conviction that under the existing circumstances one would have to have the courage to make use of all resources and to accept the heretofore unaccustomed tensions and conflicts connected with such undertakings. If I may be permitted to resort to somewhat romantic language, I would say: yes,

yes, this is a pact with the devil. The difference is, however, that it was not the devil who offered it to us--as Mephistopheles did to Faust--but we hired the fellow on.

Even if there are some people who might (and in fact do) fit the description, one cannot simply speak of lily-livered toadyism, corrupt docility or self-serving private enrichment on the part of a handful of officials. The situation really is exactly the reverse.

I regret not being able to name names to support my argument because that would be the most convincing thing I could do--but I would ask that I be given credence anyway. The most prominent proponents of these "ominous" reforms are the most puritanical, least financially interested and unapproachable people and even their enemies could not maintain that they are enjoying any kind of financial gain from these undertakings. The most remarkable thing is this: in a society such as ours, it takes a good deal of courage to initiate reforms of this kind which only the most steadfast and moral individuals can muster. Anyone who is in it for personal gain would never dare enter such risks.

There is no business interest which enters into this and it would be just as false to assume that it involves a process of de-ideologization or out-and-out pragmatism to go with the times. Even if there are some cogent practical arguments which speak for such far-reaching decisions, they are not taken without ideological analysis and clarification. There is no better proof of this than the never-ending theoretical discussions on this subject in the Hungarian press and learned journals. Anyone who attempts to accuse us of being covert (or overt) proponents of private enterprise would be hard put to prove it. It is not only the economic, legal, and tax authorities which are concerned with working out meaningful standards and methods of control, but in one way or another society as a whole deals with these issues and most of the time keeps a critical and watchful eye on developments.

One should not forget that the Hungarian economy, too, was booming during the early stages of economic reform in the late sixties and early seventies. The growth rate was quite substantial and the standard of living went up. Speaking of differences in wages which were not particularly marked, then it merely amounted to earnings rising faster for some than for others. Nothing like a negative trend occurred, e.g., a lowering of the purchasing power of specific groups of the population. The outstanding development of the early seventies was the rapid rise in farmers' earnings. This irritated a good many workers; but it was part of a general rise in which everyone had a share--and at that time, at any rate, it could still be corrected from one day to the next. The wages of blue-collar and white-collar workers were raised by 8 to 10 percent. The economy was able to pay for it.

Today, that has all changed. All the outward signs of the boom economy are gone: the parameters of reform are limited almost exclusively to higher performance based on the talents, dedication and skill of the individual and the collectives and spurred on by greater material incentive. Anyone able to count up to three can tell that this is not an easy position to be in for

a system which has taken it upon itself to do away with the inequities of the past. And not only that but--a system which, at its very inception at a time of exaggerated illusions about the future, went overboard, making promises of an early attainment of complete equality; a system which has had to retreat from (supposedly) entrenched positions to the recognition of more individual interests.

The outward appearance of such a policy is inevitably misleading--both for one's own camp and for one's adversaries. The "troubles" arising from this situation are not to be underestimated and it would be both unwise and arrogant not to counter them by offering ideological explanations. It may be extremely important to do things which inevitably create the wrong impression among the people and it may attest to inner strength and an adherence to principle but it would be an inexcusable mistake not to react to the consequences brought on by such a superficial image and not to try to correct the misunderstandings and wrong interpretations which have been spread as a result.

The Almighty State and the Market Economy

This is why the political and public interest focuses on this issue; why it is locked into the problems resulting from this situation. For someone who is content just to look at the outward symptoms, it is quite easy to generalize on a great many marginal events and pick up on a handful of odd occurrences; to cast some odd types who surface from the malestrom in the role of stars. But that does not tell one anything at all about the reality of the entire process. Quite the contrary: the greater the number of well-prepared particulars that is presented, the less one can tell what is really going on: how desperate the struggle sometimes is to get through the present impasse, to mobilize all the resources inherent in the diverse individual ambitions of people without relinquishing the principles of the socialist social system.

It is simple-minded to think that the essence of socialism can be portrayed in this way, i.e., all one needs to do is to give free reign to the ambitions which serve the common good and any resulting deviation could then be countermanded...Our experience has shown that it just is not as easy as that. One has to take certain difficulties into account; that much we will concede to our critics. Our world view does not differ from theirs on this point but on the interpretation and the consequences which follow from it. We believe that it is possible to energize a great deal of creativity and initiative in this way and to hold the damage which arises from all-too-egotistical motivation down to an acceptable level.

But what follows from this--and no observer or chronicler of the Hungarian scene should discount or deny it--is that we are waging and indeed must wage a permanent and at times extremely determined battle for the maintenance of our moral standards. There is no reason to call this a confused situation where we are on the one hand allowing things to happen which would have been unthinkable in another day and on the other hand are defending moral and ethical precepts--which seem to be pointing in a different direction at least at first glance.

Let us put the market economy concept under the socialist microscope for a moment. Fundamentally speaking, we are relying on a planned economy; but we no longer conceive of it as an anti-market economy but as the kind of economy it really is: a concept based on forecasts regarding the medium-term and long-range prospects for optimal economic development of our country. This concept also takes market trends into account--though not on a day-to-day basis because it is concerned with longer time frames. But however that may be, it is no minor matter to include the market and the laws governing it into a society which felt for a long time that it could easily do without the market altogether.

That creates situations which cannot be subsumed under the old image of socialism. There are some individuals, enterprises or factories making profits or suffering losses which are independent in the first instance of their own performance. The economy plays an important role in the revenue and income of those who are favored or hurt. The state no longer evens things out as it used to do in the past. The subsidies are getting smaller; the economic units, both large and small, are on their own--frequently under very different conditions. Even the existence of a state-owned enterprise can be placed in jeopardy by market conditions. Enterprises which are chronically unprofitable should be shut down; the eternal bailouts are gradually being phased out.

And where does that leave the egalitarian principle of the socialist system, i.e., not the crude egalitarianism of the early years but the theoretically correct and well-founded rule which says that everyone should be rewarded according to his performance? Once the dictates of the marketplace begin to enter into it, this, too, becomes hard to calculate. It is not only that the performances of individuals tend to differ but that the chances for success are different in different fields of endeavor. This brings about unexpected situations which cannot immediately be brought into line with our ideals. But what happens then? Doesn't socialism cancel itself out under such conditions; doesn't it turn into a social system of haves and have-nots, of those favored (even if not by virtue of inherited fortune or social standing) and those disadvantaged by circumstances? It would be irresponsible to brush these problems aside with a shrug of one's shoulders.

Just a few years ago, as I said earlier, these were mere theoretical questions. The differences were not as great as they appear today. (Let me address myself for a moment to some of the less informed foreign observers: even the grey area figures representing the income of the most illegal of high earners are ridiculously low in our country compared to what rich people "earn" or own in the West. In absolute terms therefore, the differences between haves and have-nots in our country are far, far smaller. Relatively speaking, they seem much greater because they run counter to egalitarian expectations.)

In the past, there was far more talk about these differences than actually occurred in real life and to some extent that is still the case today. But over the past few years things have indeed changed--particularly as far as the income of top managers and the earning potential of various small enterprises are concerned, especially in all those cases where the operations are

well run. The differences became all the more noticeable and irksome because the situation for small earners and young families--as I mentioned earlier--grew worse especially as a result of rising prices even for consumer goods and the reduction in fully financed government housing construction.

The limitation and withdrawal of subsidies for production has had a similar impact in the individual and collective sphere. This has caused substantial hardship for state-owned enterprises and entire sectors of the economy even while others whose market position, structure, and technology are in better shape continue to prosper or are in fact achieving higher earnings all the time.

Unaccustomed Social Tension

All this inevitably causes unaccustomed tensions in society and raises the question of what direction things will take from here on. Will further reform lead to greater inequality and to more advantages for some and disadvantages for others? Will society be split up--not according to classes and inherited property but according to the place an individual occupies within the division of the labor system? And there are other things which make people uneasy, e.g., how the accumulated savings representing the private property of the higher earners can be used for the common good through the sale of stocks paying greater dividends--and that in a country which is so exceedingly proud of having reached national consensus and hard-earned social unity.

In essence and in reality, as I have already said, all this has nothing to do with capitalism. The vast majority of the means of production and thus the ultimate power to decide on their use remain in the hands of the state, i.e., they are socialist--collectivist property. The extent of the differences has been consciously limited--but the appearances, the outward image are hard to discern for a great many people, if not for most. This can make people uneasy and disturb them--and that, in turn, is not something to be taken lightly.

For that matter, the misinterpretations and mystifications of the "Hungarian way" not only point to prejudices regarding Marxism and existing socialism; they also point to the somewhat embarrassing dilemma faced by those who sympathize with Hungary. Ideologically, they cannot or will not identify with our theories; but on the other hand they are unwilling to withhold their approval of them. They bridge over this discrepancy by offering all sorts of explanations which make it socially acceptable for them, as it were, to voice their approval.

One does not have to be a prophet to make the following prediction: these very interpretations will be entering a critical phase in the very near future. The ideas behind the reforms are spreading even if they tend to differ from country to country. In principle, one can detect a pretty similar trend in most socialist countries both as concerns the role of democracy in public life, the transformation of party operations, and the adjustment of the economic system to current needs, i.e., decentralization, greater responsibility on the part of the individual economic units and local authorities; greater

play for the interests of the individual collectives and of individuals; greater participation of the workforce in decision-making, etc.

Wouldn't it be ridiculous to make little Hungary solely responsible for this internal upheaval process? Can this process be explained in any other way but that it is a historical necessity dictated by the system itself? Well hardly. It is misleading to hammer away at the undeniable differences between the various methods being employed or the tempo and the dynamics of the process as such. It is far more important to realize that the direction these developments are taking is much the same everywhere and that there is no trend in the opposite direction so that even the most malicious detractors do not dare go further than to downplay them or minimize them. They certainly do not have the courage to deny their existence anymore.

But if that really is the case, then it must also have some impact on our image. Developments in Hungary then can no longer be considered an exceptional case or an accident but one of several cases--the result of course of its own individual history fashioned certainly by the specific policies of the Hungarian Socialist Workers Party in the years since 1956; but not an oddity, as it has frequently been interpreted in the past. Exactly how Western observers will cope with this new situation is hard to say--but one thing is certain: the problem cannot be circumvented just as the whole idea of the hopelessly rigid nature of socialism and its inability to change must one day be revised--and soon, if one does not wish to risk getting caught up in the most absurd contradictions.

Some will say: such a transformation will not be to our liking; it will upset our world view. But that, too, is the wrong way to look at it. All the talk about our apparent differences (based very much on external signs) with our socialist allies created problems for us, both in the immediate area and worldwide. Even if it was just a case of lack of information in many cases and meant well, we were constantly forced to defend ourselves against all sorts of allegations which often seemed impossible because this way of thinking had taken such deep roots in the West.

As a newspaperman who was "in business" here throughout the entire period and talked to hundreds or even thousands of Western colleagues I can vouch for the fact that it was (and still frequently is today) enough to drive one to distraction how these stereotypes kept cropping up over and over again: the same questions all the time based on the same precepts, e.g., how far will Moscow allow you to go with your reform policies? how long can this policy go on without causing major structural changes in the political system? is this not an exceptional situation which will come to an end as soon as Kadar no longer runs the country? etc., etc. And--whatever answers one gave, the reports would invariably contain the arguments which were in line with the preconceived ideas of my colleagues.

What We Mean by Consensus

Another aspect of the same problem is national unity, i.e., the social consensus concerning the basic issues of the socialist system. What we have

been thinking and saying about this neither is, nor was a mere invention or empty pipedream. Of course we had different ideas about it from those prevalent in the fifties: the rhythmic applause and the hurrahs in honor of the "wise leader."

There has been no question of that for some time, nor of agreement with each and every public declaration as was customary and/or desirable in those days.

Our idea of consensus then and now is no more and no less than that the people generally approve of the policy guidelines; that they consider the basic goals to be correct and necessary while constantly exercising their right to criticize their implementation. Consensus to us means approval in principle but not unanimous votes on every detail. The well-known statement "whoever is not against us is with us" which has been identified with Janos Kadar since the early sixties was characteristic of the first stage of what we now call national consensus. It is of course far from easy to come up with a new version of this slogan; but if one did, it would probably go something like this: "even those who have their reservations about this and that are with us."

The question now is to what an extent the process of continued differentiation, i.e., the diverse interests of social and professional groups and individuals pose a threat to this unity and consensus. I think we can say in good conscience that we can be sure of the stability and strength of our cause--with the proviso of course that we hold onto the flexibility and the ability to change which has been an indispensable hallmark of Hungarian policy. Conversely, this means not applying the performance principle in a rigid and unilateral fashion; disregarding social policies or underestimating the need to assist the disadvantaged. This would not only be inadmissible for Realpolitik reasons but would also be tantamount to turning our backs on the basic principles of the abovementioned consensus.

Another question entirely is the extent to which we will succeed in this, given the present situation. Perhaps (and we cannot rule this out by any means) we will have to limit our efforts in both directions to some extent for a time, which would also call for going easier on the application of the performance principle. That would be unfortunate of course but unavoidable in case the fundamental social balance were in jeopardy.

Do we expect that to happen? Not really. None of our actual plans makes allowance for such an eventuality for the simple reason that we think it can be avoided--not so much because we expect the international situation to improve in a general or comprehensive fashion but because we think we will be able to mobilize our reserves both politically and economically. The reason I feel it is necessary to speak of a potential emergency is solely to make it clear to a foreign observer just what our thinking with regard to the priorities is, if we were forced at some point to make a choice between the alternatives I have outlined. As far as our position with regard to the present situation is concerned, our primary concern is to muster the will and resolution to overcome these constraints and not to allow these things to happen.

Don't Wait for Godot

Without a doubt, there are also fatalistic moments and fateful accidents in history. Even the best of policies and best thought-out application of them depend on circumstances beyond one's control and outside one's calculations. In other words, in politics, too, one needs a little bit of luck in order to succeed. We have absolutely no intention of standing around like Beckett's characters and "wait for Godot."

For another thing, it would not make much sense for our Hungarian authors to revert to the Beckett format because this portrait of a decaying society where nothing works and everything is covered with garbage and apathy was drawn by a Hungarian author not so very long ago: during the post-1956 years he spent in prison, Tobor Dery wrote a nightmarish novel of the future of modern society entitled "Mr G. A. in X."

In that book, Dery painted a Kafkaesque picture of the city of X and its civilization where everything had lost meaning, where nothing worked--not only as regards material things but above all human relations which were empty, devoid of feeling, soulless. It was a world in which Mr G. A. desperately searched for the last remnants of erstwhile humanity.

Let me add in this connection that the very productive 15 years which the author spent in Hungary until his death in 1977 were at least to some extent filled and supported by the realization that his homeland and his immediate environment did not conform to this doomsday vision. These were probably the happiest years of his life which afforded to a critical person like Dery the all-too-rare opportunity to be in agreement with society and even with the state; to feel sheltered and to participate in the developments of that time. He would have been the most competent person to respond to Enzensberger's "psychogram."

This is the way Dery outlined his basic position to NEPSZABADSAG in 1975 as he recalled the liberation of Hungary 30 years earlier:

As I look back, I wish to make no secret of my deep emotion with regard to the beginning of a healing process which offered to our nation the happiness which history might hold in store for us. Hungary regained its chance for freedom and, along with it, its chance for self-esteem. This enabled the nation to take stock of its capabilities and to take advantage of them at a rapid pace...And that it is in a position to realize them now that the Rakosi era is over I am eternally grateful to those who have taken on this incredibly difficult task.

That is how one of the greatest writers of our time experienced the transformation of Hungary. Now this man was certainly not one of the pampered darlings of history, nor a literary prince but in fact a rebellious type, a troublemaker. But on the other hand he had lived through many decades of Hungary's difficult history and experienced much hardship personally--

including the troubles a writer faces when he loses himself in unrealistic abstractions. But life is much easier for those who take just a few weeks to tear a country, a society, and an historic experiment to shreds. It does not take much of an effort after all to label all the contradictory aspects of a vast social transformation "troubles."

Any attempt to clarify a few points here and there can touch on just a handful of aspects of course and even then present no more than a sketchy picture of the facts. Perhaps, however, even that is not entirely meaningless.

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LIFE OF TITO'S WARTIME COMPANION HIGHLIGHTED

[Editorial Report] Belgrade ILUSTROVANA POLITIKA in Serbo-Croatian, in six weekly issues dated 19 November through 24 December 1985, carries a series of articles by Predrag Aleksijevic on the short life of Davorjanka Paunovic, known by her underground code name Zdenka, who seems to have been the closest wartime companion of Josip Broz Tito and who is buried in the grounds near the villa which Marshal Tito requisitioned for himself in 1944 and in which he resided until his death.

The account accords with what is known about Davorjanka Paunovic from the memoirs of Milovan Djilas: the headstrong university student from the Serbian provincial town of Pozarevac, the tested Yugoslav Communist Party courier who accompanied Broz Tito from his Belgrade hideout to his partisan command in September of 1941, the "field secretary" whose control of access to Broz Tito and whose tendency to issue authoritative orders in her own name generated resentment among macho guerrillas, the hysteric when separated from her leader or when crossed by other commanders or when consumed by her terror of bombing attacks.

The series serves to present President Tito to the mass Yugoslav public in a different light than before by publishing three letters from him to Davorjanka Paunovic in 1946, the year of her death from tuberculosis. The letters, while not exactly love letters, are assuredly intimate "family" letters at a time of turmoil in Yugoslavia's foreign relations in the immediate postwar period.

Otherwise, there does not seem to be fresh or abundant material on the subject. Only after the series ended did the reason for its publication become clear: An official source must have inspired the topic as part of the soon-to-be-public dispute between the Yugoslav authorities and the president's widow, Jovanka Budisavljevic, over her inheritance rights. The series serves to draw an implicit contrast between the self-sacrifice and "boundless devotion" of Davorjanka Paunovic and the alleged greediness and unreasonableness of Jovanka Budisavljevic.

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